

- USDCAD consolidates below 1.3105 and above 1.2950.
- EURCAD slips back in Jan trading so far to retest support in the low 1.44s.
- GBPCAD trades sideways but corrective pressure (lower) remains.
- CADMXN extends losses, downtrend entrenched; we target a push towards 14.
- AUDCAD rebounds from test of 0.89 support and may continue to range trade.
- CADJPY rally extends through key resistance at 83.75/80. Bull trend strengthens.

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USDCAD has consolidated over the past week, with the USD unable to extend the previous week's gains from the mid 1.29s. Price action continue to suggest some upside risk for the USD—following the bullish weekly reversal struck in the first week of the month. However, the lack of upside follow through above 1.31 rather suggests the USD rebound has stalled at this point. Additional gains this week are needed to reinvigorate USD gains or, we think, the USD risks sliding lower again. Intraday patterns do look somewhat USD negative, albeit in very light volume. Near term risks are tilted towards a retest of the low 1.30s, the lows from late last week. Longer term price signals remain USD-bearish. Recall that Q4 overall was bearish for the USD (“engulfing” candle on the quarterly chart) and although the USD has been able to regain a little more ground than we expected in this consolidation phase (which may extend through the end of the month), we continue to believe therefore that further downward pressure on the USD will emerge as 2020 develops. Resistance is 1.3105 and 1.3165/70 (key). Support is 1.2950. We target a drop to 1.28 (at least) in the next 1-3 months.



EURCAD remains soft but confined to a range. The EUR has spent the New Year trapped between noted support in the low 1.44 area and resistance at 1.4590/00. Minor gains through the upper 1.45s earlier this month failed to extend and the broader undertone for the cross is starting to look weak again. We still rather think the overall outlook is neutral/positive for the EUR after the late 2019 price action—solid weekly and monthly bull reversal signals driven off the 1.44 zone. But short term trend signals are starting to tilting against the EUR somewhat and we think the cross will need to pick up more obviously (above 1.46) sooner rather than later, if it is to avoid further weakness.



GBPCAD retains a neutral technical bias in the short run. However, the consolidation range trade retains a mild, downwards tilt and the GBP clearly reversed from the late 2019 high in a meaningfully bearish way—which suggests to us that the correction still has further to run. We note resistance defined by the 40-day MA at 1.7163 currently and feel the GBP will need to break well through here in order to avert more weakness in the short/medium term. The Mid-Jan low at 1.6920 offers initial support for the GBP but a correction towards 1.65/1.67 remains likely in our opinion. Trend strength signals are more bearish on the shorter term (intraday and daily) studies which should strengthen the case for near-term corrective losses to extend.



CADMXN's bear trend has picked up some strength through Jan so far on the shorter term DMI oscillators and the CAD has reached out near-term bear target (14.30) outlined at the start of the month. The weekly signal is leaning bearish but is not at a point where the signal is especially compelling, however. Still, an established and well-defined bear trend plus solid, bearishly-aligned short term oscillators suggest limited upside for the CAD (we see solid resistance around 14.50) and ongoing downside risk towards 14.00.



AUDCAD's early Jan struggles were obvious and the decline in the cross retested the 0.89 area, as we expected, after the difficult start to the year. Trend signals are starting to align bearishly for the AUD across a range of time frames, however, and this raises the risk of a more sustained decline. The late Dec reversal from key resistance at 0.9145 leave the AUD looking vulnerable in the longer run from a price action point of view but we are not—yet—fully persuaded that the AUD will fall significantly. Broader price signals are mixed (the early Jan rebound from 0.89 suggests very good support on weakness still). The AUD needs to clear either of 0.89 or 0.9150 decisively to signal more directional intent.



CADJPY is firm. The late 2019 uptrend is well-entrenched on the charts and the break through key resistance (now support) at 8.75/80 through the New Year period suggests more gains are likely. Trend strength signals are aligned CAD-bullishly on the short, medium and longer term oscillators and the CAD is trading well above key daily and weekly moving average signals, suggesting strong upward momentum overall. We think the CAD should progress towards 85 at least in the near term.



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