

- USDCAD tests channel resistance, 40-day MA above 1.37.
- EURCAD remains range-bound but upside risks are building again.
- GBPCAD fails to hold support, at risk if further softening.
- CADMXN rally extends to test bullish break out.
- AUDCAD consolidates but shows little sign of reversing lower.
- CADJPY better supported near 78 now.

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USDCAD is bumping up against important resistance in the low 1.37 region defined by the trend drawn off the March peak (1.3716) and the 40-day MA (1.3744). The grind higher from the test of 1.33 earlier in June appears to have the support of short term trend strength oscillators, which are aligned bullishly for the USD. But that is not reflected in the longer term studies. We think this keeps the balance of risks tilted towards range trading and the mid 1.37 area holding USD gains for the moment. A push through the 40-day MA would signal the likelihood of the USD rally/recovery extending to the mid-1.38s, the base of the April/May range. We spot support at 1.3655 (minor), 1.3565 and (key, short term) 1.3500/10.



EURCAD is gathering itself for a renewed push higher, the recent price action suggests. While the broader movement in the cross looks sideways, between well-defined support (1.50) and resistance (1.55), the cumulative effect of the Q2 price action on the weekly chart gives the strong impression of an extended “rounded low” developing—indicating the steady accumulation of EUR on weakness and implying the risk of an upside break out. We had thought the EUR more likely to soften in from current levels in the medium to longer term and upside potential still looks limited on the longer run charts. But a retest of the 1.60 area (long term resistance) is starting to look a little more likely than a push below 1.50 at this point.



GBPCAD has slipped a bit more obviously since our last update here a couple of weeks ago. With the 200-day MA holding, the bear flag interpretation of early/mid-June price action is looking more valid. The late May low near 1.6850, which formed the centerpiece of more constructive weekly price action, has been overcome and we note that shorter-term trend signals are leaning more GBP-bearish at this point. Downside risks for the GBP appear to be growing a bit more significantly again. Short term support is 1.6755. Key support (the March low) is 1.6555. The GBP needs to regain 1.7025/50 in order to stabilize or improve modestly from here.



CADMXN is poised for a bullish break out above channel resistance at 16.90. The CAD's steady rebound from the June low has the support of bullish-leaning trend oscillators across all relevant time frames. While intraday price action looks a little soft, as the initial test of 16.90 is rebuffed, this situation rather suggests that scope for MXN gains is very limited and that the CAD should remain well-supported on minor dips here. A clear break above 16.90 should see the cross retest 18.00.



AUDCAD has consolidated over the past couple of weeks but there is precious little sign here that that the AUD is poised to reverse. Trend signals remain bullishly-aligned across a range of time frames and while these indicators do also suggest a degree of "stretch" in the AUD rally, the absence of any real downward pressure on the cross suggests that a break out (above 0.9415) and another leg higher towards 0.95/0.96 could well develop before there is any significant corrective move lower in the AUD. Support is 0.9255/60; key support is 0.9155 still.



CADJPY softness evident since the early June peak has stabilized, as we anticipated. We expected (and got) a drop back to the mid 78 area as the CAD correction unfolded but CAD support against the 40-day MA (a fraction above 78.00) has held up well and prevented a further decline in the cross towards the 76 area. Now, we think the CAD may range trade for a while as markets attempt to find a stronger sense of direction. Trend oscillators are mixed across a range of timeframes but the daily DMI is particularly flat. Support is 78.00 (CAD weaker below here to 76). Resistance is 79.30 and 79.60 (bullish above here).



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