

- EURUSD retains a soft undertone; we look for near-term losses to the 1.16 zone.
- USDJPY technical trend turn more bearish; we continue to target a drop to 104.
- GBPUSD capped above 1.30 and prone to losses.
- USDMXN remains neutral in established range.
- NZDUSD holds range but broader top/reversal pressure remains evident.
- USDCLP grinds slowly higher, USD gains may pick up above 810.

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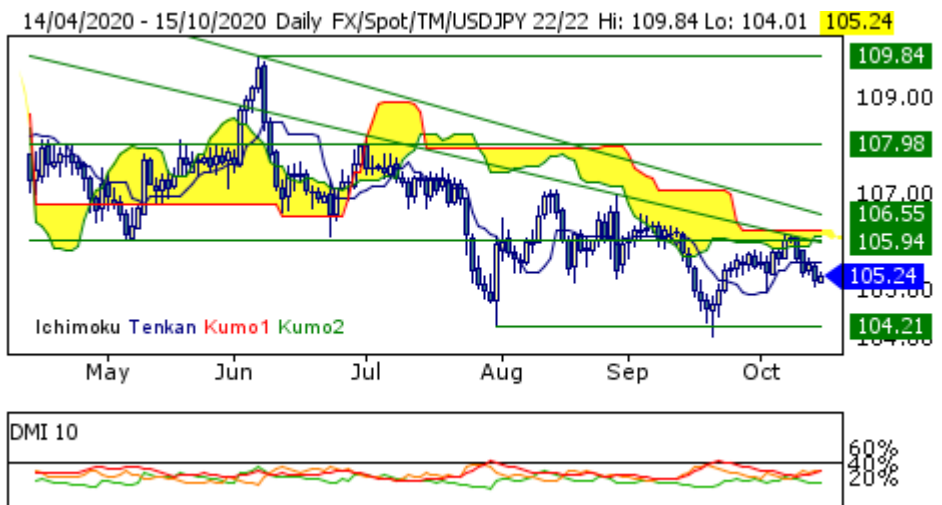
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**EURUSD** retains a soft undertone, with spot testing the 1.17 area earlier in the session today. We have noted an accumulation of bearish signals for the EUR here previously—notably the bearish (monthly) outside range reversal that the market formed in September which—we believe—puts a strong cap on the market from a medium term point of view, but may not necessarily mean a significant correction lower is going to unfold. Over the past week, intraday and daily trend strength signals have developed a more bearish feel and we think the EUR is poised to extend towards a retest of the September low at 1.1613, now key short-term support, shortly. We think corrective losses might extend to the 1.15 area in the next few weeks and anticipate the EUR staying better offered through year end. Seasonal trends usually improve for the EUR later in Q1 of the new calendar year.



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**USDJPY** appears to be heading for a soft weekly close (weekly bearish “engulfing” candle) which coincides with the USD’s rejection of cloud resistance on the daily “ichimoku” chart this week. We have noted a broadly bearish look to the short, medium and longer run charts for USDJPY recently which we have expected to limit upside scope for the USD and maintain broader downside pressure for a retest of the 104 zone in the weeks ahead. A low close on the week for the USD—near of below current levels—would confirm a strong cap on the USD near 106 (key resistance now at 105.95/00) and support our call for a further slide in the USD towards 104 (at least) in the near term.



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**GBPUSD**'s technical picture looks somewhat mixed; on the one hand, the GBP has pushed above the ceiling of the Aug/Sep consolidation (potential bull flag). On the other, the September GBP-bearish monthly reversal remains intact, the bearish MA cross over supports the loss of upside momentum and GBP-supportive trend signals on the longer run oscillators have flattened out completely while intraday signals are turning bearish. We see strong resistance above 1.30 now and expect the GBP to put short-term support at 1.2800/10 under a little more obvious pressure in the coming sessions. Key support is 1.2678. We still think GBP losses could extend to the 1.24/1.25 range in the next few weeks.



**USDMXN**'s technical condition is showing little change over the past week or so. The USD has picked up a little support this week but the market remains range bound and, with the USD near the mid-point of the 21.70/22.50 range and daily and weekly trend signals in neutral, there is perhaps little incentive for investors to take a strong directional view on the MXN at this point. We look for range trading to extend a little longer still and retain a neutral view on near-term prospects.



**NZDUSD** is holding its consolidation range, close to the recent cycle peaks, but the undertone here remains vulnerable to corrective pressure, with the Kiwi rally well capped around 0.68 and support from bullish trend oscillators fading. Aug-Oct price patterns appear to be forming a potential Head & Shoulders top (neckline at 0.6527 currently). A break of the low 0.65 area would imply downside risk towards the mid 0.62 area but we continue to feel that NZD dips to the 0.64 area – where the June lows converge (roughly) with six year bear trend resistance-turned-support – are liable to slow USD gains.



**USDCLP** is grinding higher and pressuring the 200-day MA (803.80), reflecting the turn up in technical prospects for the USD here that we have highlighted recently. The USD continues to rebound from the test of key, long term trend support near 760 and extend gains through what we interpret as a USD-bullish inverse Head & Shoulders neckline (which we think targets a return to the 860 area over the next 3-6 months). USD gains should pick up more speed above the 810 area. Key support is now 788/789 (equating to a retest of the bullish break out point).



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