

- EURUSD correction extends to test support in the mid-1.17s.
- USDJPY is flat around 106, within broader 104/108 range.
- GBPUSD off earlier low today but technical undertone turns weaker.
- USDMXN pressures support around 200-day MA.
- NZDUSD consolidates but may drift a little lower in the near term.
- USDCLP extends decline towards key support at 758/760.

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EURUSD has spent the past week or so backtracking from the 1.20 area, blunting the bull trend that emerged and developed strongly from the early year lows. While spot has eased below the base of the bull (parallel) channel support (1.1805/10 currently), trend support off the May low, the August lows and the base of the Aug/Sep consolidation range all converge now in the mid-1.17 area, where the EUR based earlier today. We still rather think the market is consolidating but support in the mid-1.17s could well pave the way for a short term bounce back to 1.19+. We think a push through 1.1825/30 today would support the case for a mini USD rebound while the 1.1750 level now becomes pivotal for the EUR outlook in the next few weeks; holding above here suggests more chopping below 1.20 while a break down below 1.1750 would tip the balance of risks towards a deeper, corrective drop towards 1.15/1.16.



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USDJPY looks technically neutral still as the market continues to pivot around the 106 area. Short-term trend signals are mixed—but essentially neutral (intraday and daily DMI signals) and the daily chart shows the sideways trading range is prompting the lagging moving average signal on the daily “cloud” chart to converge with the cloud band itself. The broader range remains 104/108 so spot holding right on the mid-point of the range is not really enticing from a risk/reward perspective. Within the broader trading range, we spot support at 105.25 and resistance at 107. Look for neutral trading to extend a little more.



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GBPUSD has weakened further over the past week but the intraday squeeze off today's low suggests better support may be emerging for the GBP in the mid-1.28s. However, the broader technical backdrop is looking softer for the GBP below short/medium term moving averages and with weekly price action tilting bearish for the GBP. A low weekly close for the GBP this week will form the third leg of a weekly "evening star" signal, indicating a medium term peak developed around the recent test of 1.35. Note that this is also where Cable peaked in late 2019, prior to the drop back to the mid-1.25s (and the sharp fall to 1.14 in March). We think near-term corrective GBP gains are likely to stall below 1.31.



USDMXN retains a soft undertone although the USD remains effectively range bound above the mid-21 point where the 200-day MA (21.55) is providing the market with some clear underpinning just above the mid-year low. While the market is not displaying a lot of directional momentum, the broader downtrend remains intact and the USD looks well-capped around the 22 level (trend resistance off the Apr high) a clear break under 21.40/50 targets 21.30 (61.8% Fib retracement support) ahead of a test of the psychological 20 level.



NZDUSD is consolidating the strong gains accumulated since the March low but has not yielded too much ground to the USD. The Kiwi has slipped out of the bull channel in place since late March and trend strength signals have been neutralized on the shorter-term (intraday, daily) oscillators. But additional trend support in the low 0.66 area is providing some underpinning for the NZD and longer run oscillators are still bullish. We think NZDUSD is at some risk of drifting a little lower in the next few weeks but we expect firm support below 0.6450/00 where 6-year trend resistance (now support) should provide significant underpinning for the NZD.



USDCLP is edging steadily lower, weakening for a fourth, consecutive week after the bearish outside range week lower that developed in mid-August. We remain bearish but note that the USD is nearing out target/support at 760. This point on the daily chart also converges with long-term trend support (758) off the early 2018 low. Bear trend strength is picking up on the daily and weekly studies, meaning that a break under 758 is not to be excluded as a risk, however. In the event of a sustained push below support, the USD should head for the 700/730 range we think.



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