- **EURUSD** pressures support around 1.2175 as rally stalls, downside risks rise.
- **USDJPY** struggles to break above 104 trend but weekly price signal turns bullish.
- **EURCHF** pressures trend support, may push lower to 1.07 area.
- **USDMXN** retains a soft undertone but weekly price signal suggests upside risk.
- **AUDUSD** holds bull trend; downside risks increase below 0.7677 support.
- **USDCLP** reversal exceeds our target, USD rally tests 745/55.
- **USDCOP** consolidates between 3400/3515.

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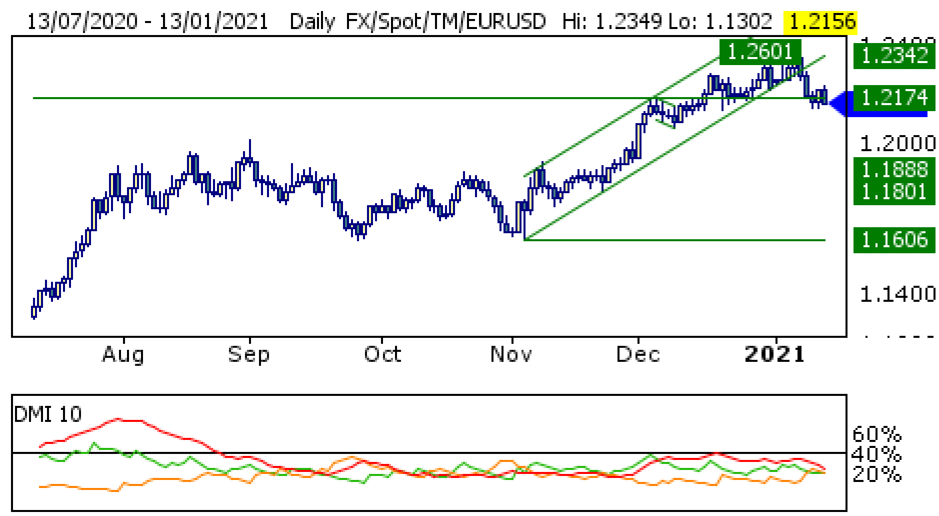
EURUSD losses last week overall took on a more negative technical tone than we expected. The weekly chart reflects a "doji" candle forming through last Friday, suggesting the EUR rally had stalled. Additional net losses this week and continued pressure on the upper 1.21 area, where we had expected firm support to emerge, suggests short-term downside risks for the EUR have increased. Note that the shorter-term trend oscillators (DMI) have turned neutral (daily study) or bearish (6-hour study), dampening the chances of the EUR rally getting back on track for now. Indeed, EUR rallies to the low 1.22s have met with firm resistance this week and short-term technical patterns are bearish. Corrective EUR losses may extend to the 1.1975/1.2075 range in the next few weeks. Look for firm resistance through the low 1.22s. The EUR's short-term technical tone will improve on gains through 1.2230/40, however.

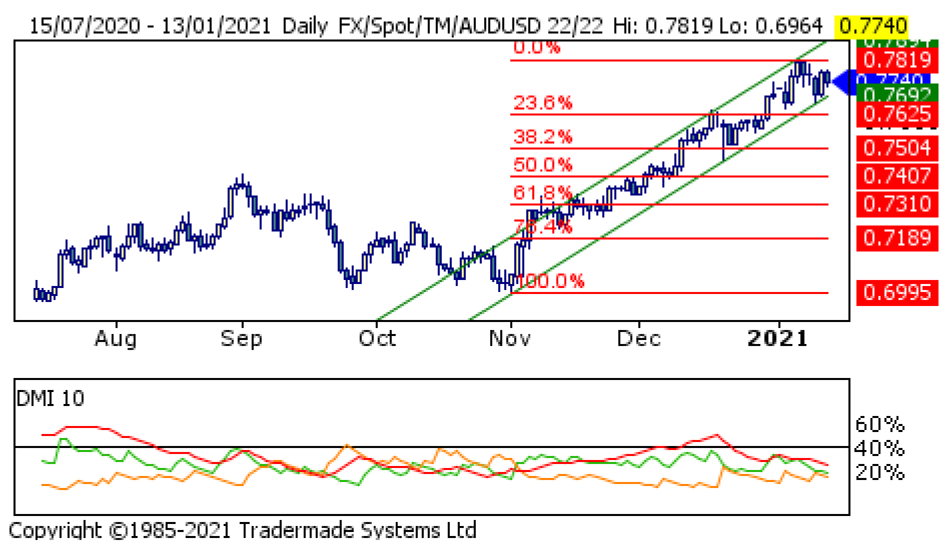


USDJPY price action suggests that gains through daily trend resistance have been rejected. We think that a change in the USD's technical tone is developing here as well after a sustained move lower, however. While signals from the "cloud" charts remain bearish (daily, weekly etc. ichimoku charts), shorter-term USD price action remains better supported and intraday and daily trend (DMI) oscillators are moderating. Most importantly, weekly price action through last Friday formed a bullish weekly reversal (outside range week) after repeated failures to maintain USD losses below the 103 area on a weekly close basis. We think risks are tilting towards a corrective rally in USDJPY towards the 105/106 range (to take back around a third of the USD decline from the March high).

EURCHF price signals indicate that a major top/reversal formed through the New Year period. A bearish weekly reversal developed through late December and while thin, holiday-affected trade suggests some caution is required around the signal, the bearish EUR tone is also reflected in 1) the EUR's inability to hold gains through the upper 1.08s since mid-2020 and 2) weakness today below daily trend support. Note that Nov/Dec price action also takes the appearance of a bearish Head & Shoulders top. The asymmetry in the formation is not ideal (from my point of view) but it has the required elements and suggests potential weakness towards the 1.07 area over the next 2-4 weeks.

USDMXN retains a soft technical undertone, despite signs of fatigue in the USD sell-off elsewhere. But the USD remains well-supported in the 19.70 zone (recall the 200-week MA stands at 19.65) and last week's price action overall did deliver the positive price signal that we thought was possible on a firm close out to the week (a bullish outside range week). That signal plus the proximity of the 200-week MA and weak trend oscillator signals all combine to suggest that despite moderate net losses on the week so far for the USD, downside risks are limited and USDMXN should rather be pushing somewhat higher towards 20.40/50.

AUDUSD gains may be steadying after two months of solid gains from the early Nov low. At the very least, price trends are showing signs of stalling—note that the shorter-term trend oscillators are neutral. But we think intraday price patterns are shaping up to be potentially more definitively bearish in the near-term; the 6-hour charts reflect a bearish Head & Shoulders top developing over the past two weeks and put key support (neckline trigger) at 0.7677 currently (rather than channel support at 0.7692). A break below the 0.7675 zone would set the AUD on course for a push to the low 0.75s over the next 2-4 weeks (essentially reflecting a correction back to the 38.2% Fibonacci retracement support from the 0.70/0.78 rally).



USDCLP's rebound exceeded our expectations (we had expected gains to reach the 725/35 range) but the USD bounce may run in to stronger resistance between 745/55 over the next week or so where retracement resistance converges with major low points for the USD from last year. The strength of the USD recovery means that we cannot exclude the risk of additional USD gains towards 776—a full retracement of the late 2020 decline—however. We expect firm resistance in the 775/780 range. Short term USD support is 730/35.

USDCOP is settling into a consolidation range after the sharp fall in the USD through late 2020. USDCOP resistance looks firm at 3515/20, as does support at 3400/05. Mixed trend strength signals across the daily and weekly oscillators support the outlook for more range trading in the short run at least. The USD rebound from last week's low reinforced support around the 3400 area but was not strong enough to suggest a stronger USD recovery was developing; this rather suggests that USDCOP is consolidating ahead of another push lower. Look for more range trading in the short run.