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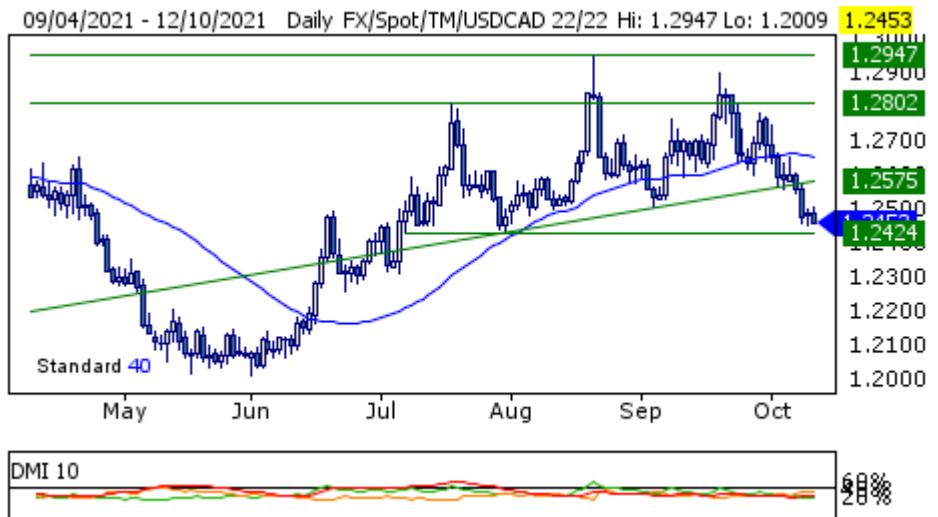
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Overview

- USDCAD pressures support in the low 1.24 zone.
- EURCAD plunge exposes 1.4265.
- GBPCAD slump under 1.70 may extend.
- CADMXN rebounds sharply to high 16s.
- AUDCAD pressures low end of recent range.
- CADJPY rallies to test major resistance at 91.10.

USDCAD

USDCAD's technical tone has changed considerably since our last update. The USD struggled to secure gains above the 1.28 area through mid-year and the failure to progress has caught up with the market. USD weakness below short-term trend support at 1.2575 last week leaves the USD on the verge of a more significant breakdown below 1.2422, the low from late July. Technically, weakness below this point would open up the downside quite significantly (back towards the June low) in the next 1-3 months. But we think but the broader context (of a strong USD) is hard to ignore—as is the fact that trend oscillators are not yet aligned across varying time frames in a way that would allow for a high confidence call for USD weakness to extend significantly. We think a break under 1.24 should drive more USD losses but the downside may be limited to 1.22/1.23. We expect firm USD resistance on minor gains now to the upper 1.24s/low 1.25s. Key resistance is 1.2575. Look to fade USD gains.



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EURCAD

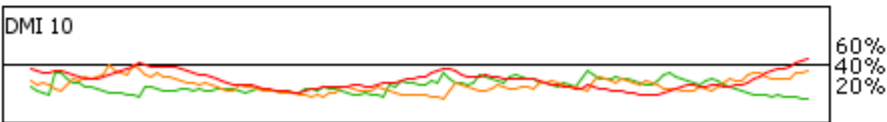
EURCAD has tumbled sharply. We were correct in assuming the cross was peaking near 1.51 in our last update but we underestimated how far the EUR would—or could—drop. The EUR has broken below multi-year trend support at 1.47 (we would prefer to see losses sustained through the close of the month to confirm this breakdown) and there is little meaningful support on the charts now until the EUR reaches 1.4265—the low from early 2020. Trend signals are aligning bearishly for the EUR, which suggests limited scope for counter-trend corrections now and ongoing downside pressure towards the mid/upper 1.42s. Minor EUR rebounds are a sell from a technical point of view.



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GBPCAD

12/04/2021 - 12/10/2021 Daily FX/Spot/TM/GBPCAD 22/22 Hi: 1.7625 Lo: 1.6876

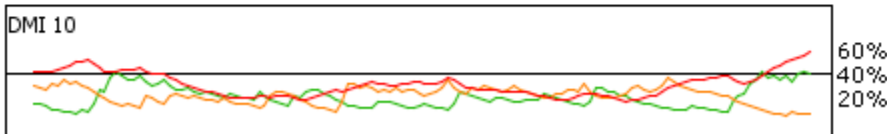


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GBPCAD's slump through 1.70 reflects the broader strengthening in the CAD seen through late September and early October and, like the other CAD crosses, there is little sign of the CAD rally slowing. Trend signals are aligned bearishly for the GBP across the short, medium and long-term DMI oscillators. There is, however, a strong band of support below the market between 1.6775/1.6875 which has acted as a steady floor for the GBP since early 2020 and a break below the 1.6775 point may be a stretch for the cross at this point. However, like other CAD crosses, the situation on the trend studies rather precludes the prospect of any significant GBP rebound at this point and we look for better selling pressure to develop on minor GBP rebounds towards the 1.70 area now.

CADMXN

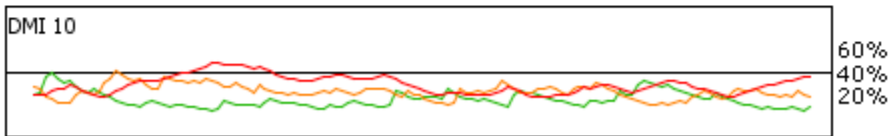
09/04/2021 - 12/10/2021 Daily FX/Spot/TM/CADMXN Hi: 16.752 Lo: 15.611 16.685



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CADMXN rebound from the upper 15s is testing the mid-year high for the cross near 16.70. The CAD looks in good shape technically here too but there are also signs that the quick, big figure rally has overshot. We look for the 16.65/70 zone to hold the CAD rebound in the short run at least. But we also expect minor CAD dips to remain well-supported for now.

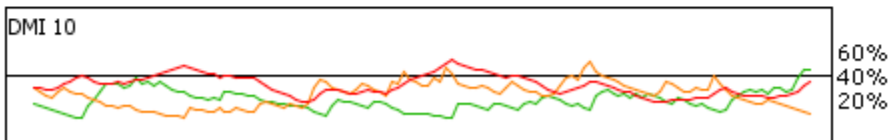
AUDCAD



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AUDCAD is perhaps the least surprising of the major CAD markets we look at in this report. In our last update, we thought the cross would settle into a choppy range trade between 0.92/0.94 but noted that a drop under 0.92 was a bigger risk than a push above 0.94. The AUD has weakened a little more than we expected but there are also some positive signals for the AUD—better demand on weakness so far this week—which has left the door open for a possible squeeze higher. Trend signals are broadly bearish, however, which keeps overall risks tilted to the downside and will serve to curb AUD rebounds to the 0.93/0.94 zone to sustain the recent range.

CADJPY



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CADJPY is challenging key resistance, defined by the mid-year peaks for the cross just above 91. After steady support for the CAD developed around 84/85, the late September break above minor trend resistance near 87 was enough of a catalyst to put a significant squeeze on the JPY. We note that CADJPY has held a 75/91 range since 2016 and CAD gains through the 91 zone—which looks a clear risk at this point—would imply additional, medium term upside risks for the CAD towards the 95-100 range. Trend signals are aligned bullishly for the CAD which clearly leaves 91 zone looking vulnerable. Look for gains to pick up above 91.60.

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