



Weekly Currency Review

[Black Swan Forex](#)

21 August 2016

Summary – Daily Chart View

US \$ INDEX [last 95.51/% Chg -1.3%] pg. 2

Two plausible scenarios are in play: 1) Major Wave IV bottom is in place at 91.91 (5/3/16); or 2) Major Wave IV is taking a triangle pattern and we are now in final minor wave E down targeting to the 91.50 level. For now we favor the first scenario. Either way we expect a final bull rally in the dollar to take it back above the 100.39 swing high.

USDJPY [last 100.20/% Chg -1.1%] pg. 3

It appears the 99.08 (6/24/16) daily swing low will be breached; we are targeting 98.41 with alternative to 95.77. Need a move back above 102.65 for confidence a fresh rally back toward 108 is underway.

EURUSD [last 1.1325/% Chg +1.5%] pg. 4

We suspect the corrective recovery from the 1.1115 low (6/24/16) to 1.1365 (8/18/16) is complete (based on hourly internals). But confidence moderate as a full test of the 1.1432 swing high cannot be ruled out; confidence on this view increases below 1.1233.

GBPUSD [last 1.3074/% Chg +1.2%] pg. 5

Two plausible scenarios in play: 1) Major Wave IV recovery completed at 1.3480 (7/15/16) and a new low targeting to 1.2500 is in play; or 2) the recovering from the 1.2796 (7/6/16) Brexit low is not complete and a new recover wave is under way—targeting up to 1.3500+ level. We are firmly on the fence here; below 1.2932 favors bearish view; above 1.3185 favors bullish.

USDCAD [last 1.3074/% Chg -.06%] pg. 6

Our favored technical view is we see a deeper retest of the 1.4689 high (1/20/16). Usually one gets some type of test when that much technical damage ensues. Though a very messy complex corrective pattern we believe we may have seen a major corrective wave pattern low on Thursday (8/17/16) and would be looking to add long.

AUDUSD [last 0.7624/% Chg. -0.2%] pg. 7

Similar to the setup in USDCAD, we suspect the corrective recovery top is in place at 0.7756 (8/10/16) representing a 6+ cent rally and test of the 0.7835 swing high (4/21/16). Above 0.7723 and this is voided as it suggests the move down from daily swing high is corrective only. That said, we favor playing Aussie from the short side.

Price Trends Among Major Dollar Pairs

\$ - Pair (FX)	Trend		Wave Bias Near-term
	Daily	Weekly	
DX	Down	Up	Neutral
USDJPY	Down	Down	Down
EURUSD	Down	Down	Down
GBPUSD	Down	Down	Neutral
USDCAD	Down	Range	Up
AUDUSD	Up	Up	Down

**Bold represents a change*

Macro Drivers

- Is the Fed back in play? The ebb and flow of expectations on the Fed last week has been wrecking ball of volatility near-term. Our belief in another major wave higher in the dollar is based on the macro rationale of growth and yield still favoring the US over the rest of the developed world. And given the vast amount of European paper now in negative territory, at some point the “euro repatriation game” will end. If stocks put in a decent correction here, we may find out if this view has some legitimacy. If so, it might confirm the recovery high is indeed in place in the euro and a trend move lower is back underway; and adding validity to our primary view of the US dollar index.

[Economic Calendar](#)

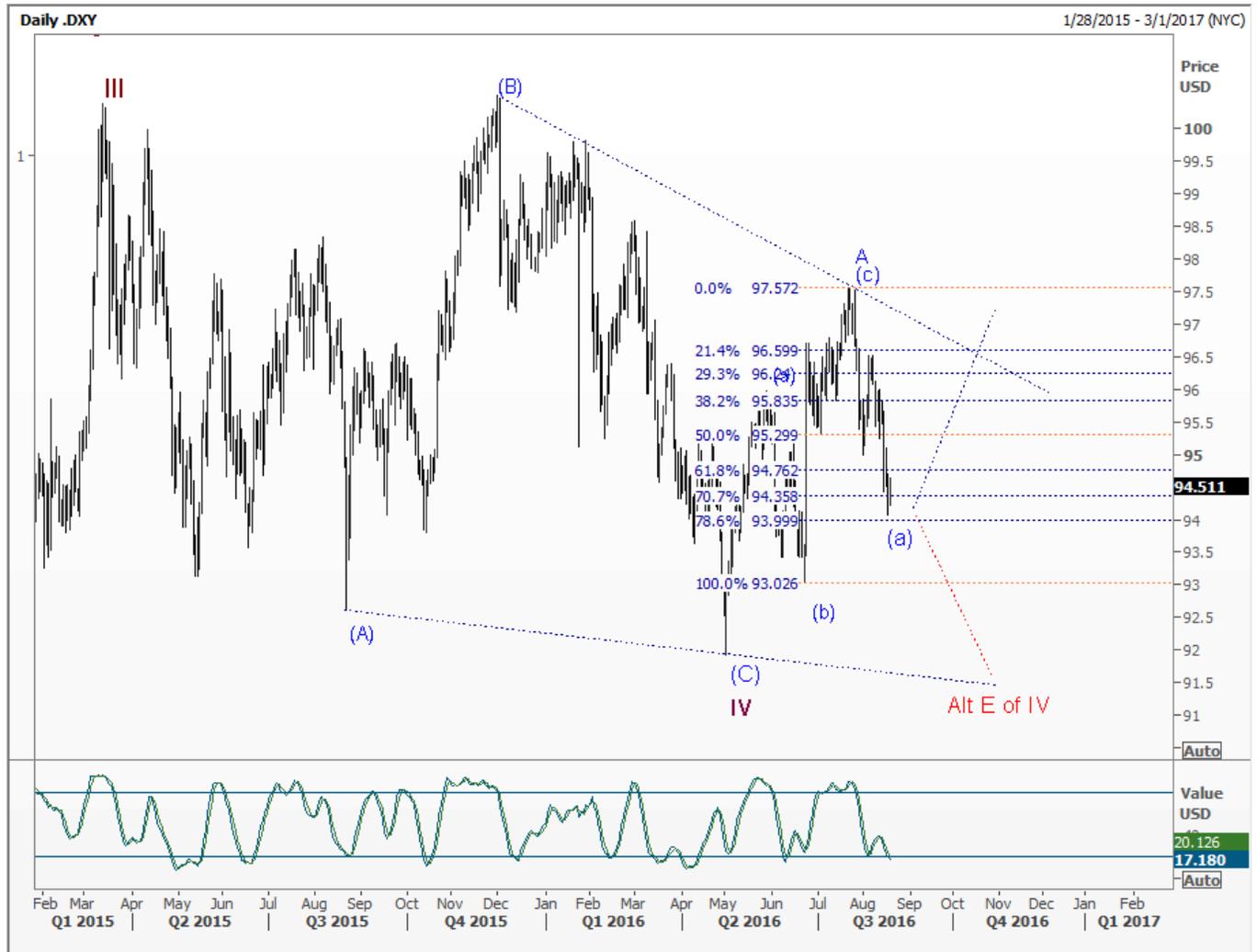
[Central Bank Watch](#)

Yield Spreads pg. 8

US Benchmark Yields pg. 9

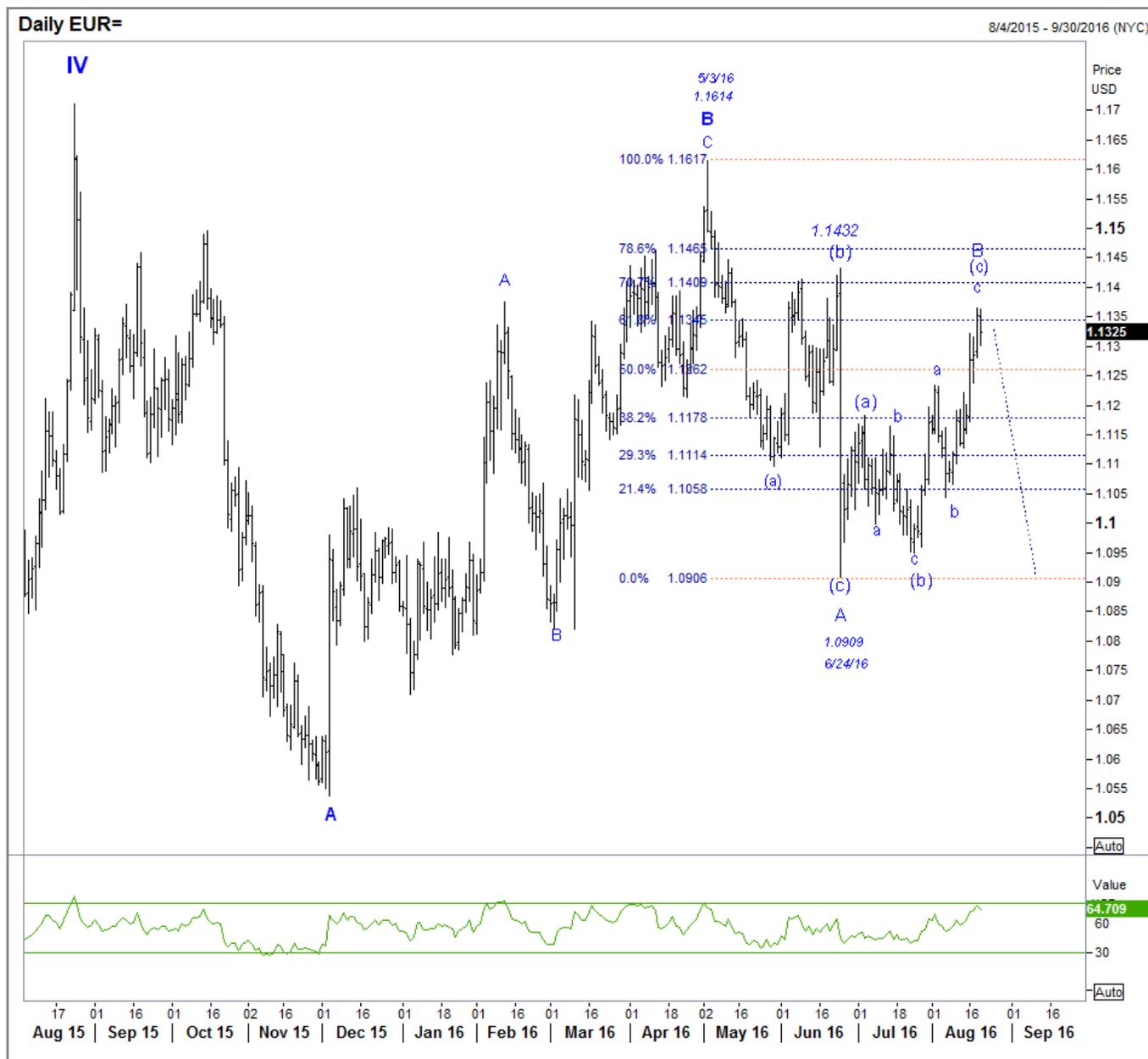
US Dollar Index

Favored view we are close to a corrective low with key 78.6% support at 93.99...alternatively a move in a triangle pattern completes near 91.50...



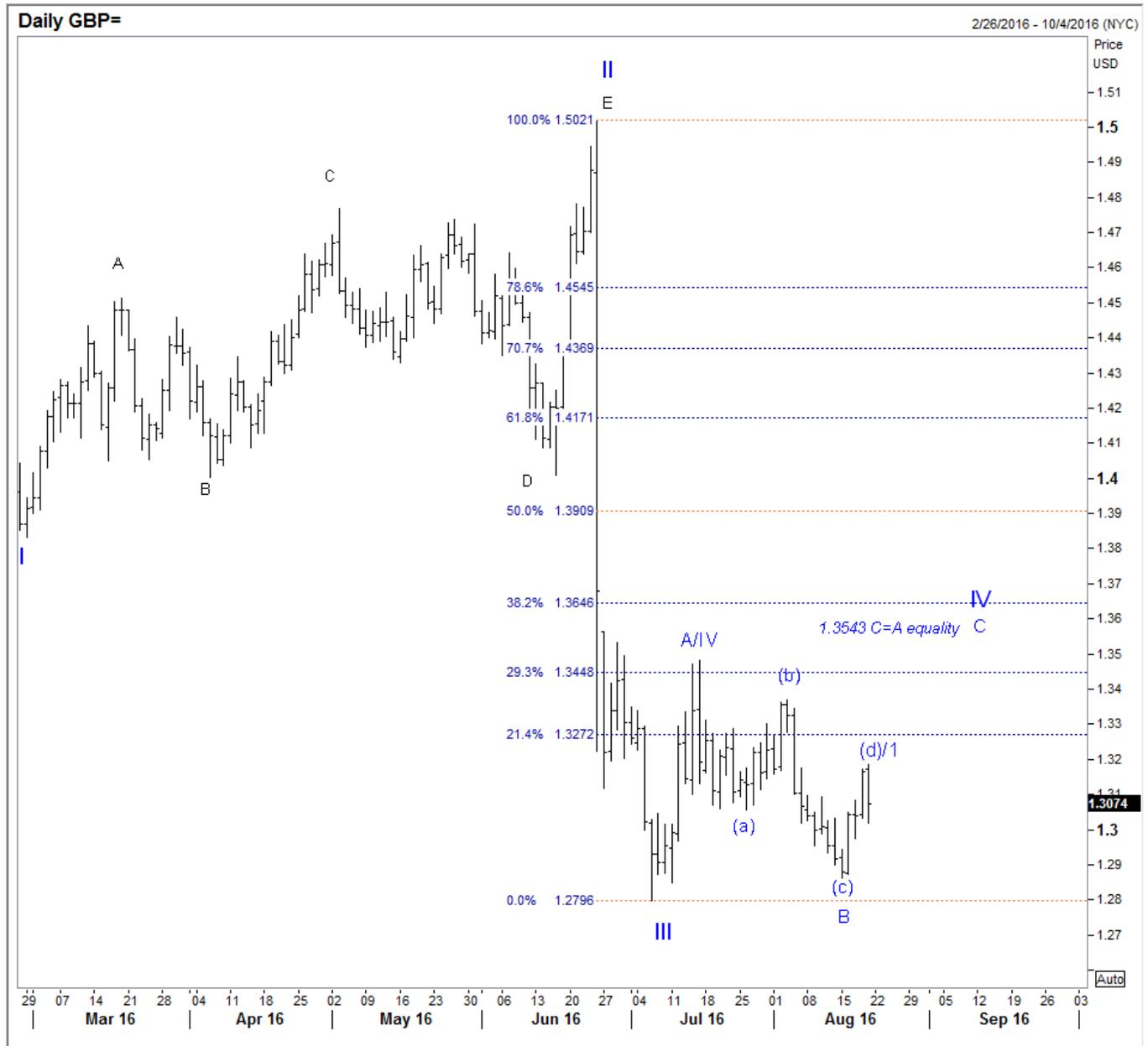
EUR/USD Daily

The recovery top may be in place; *if* so a sharp trend move lower should be underway targeting down below 1.0500 eventually.



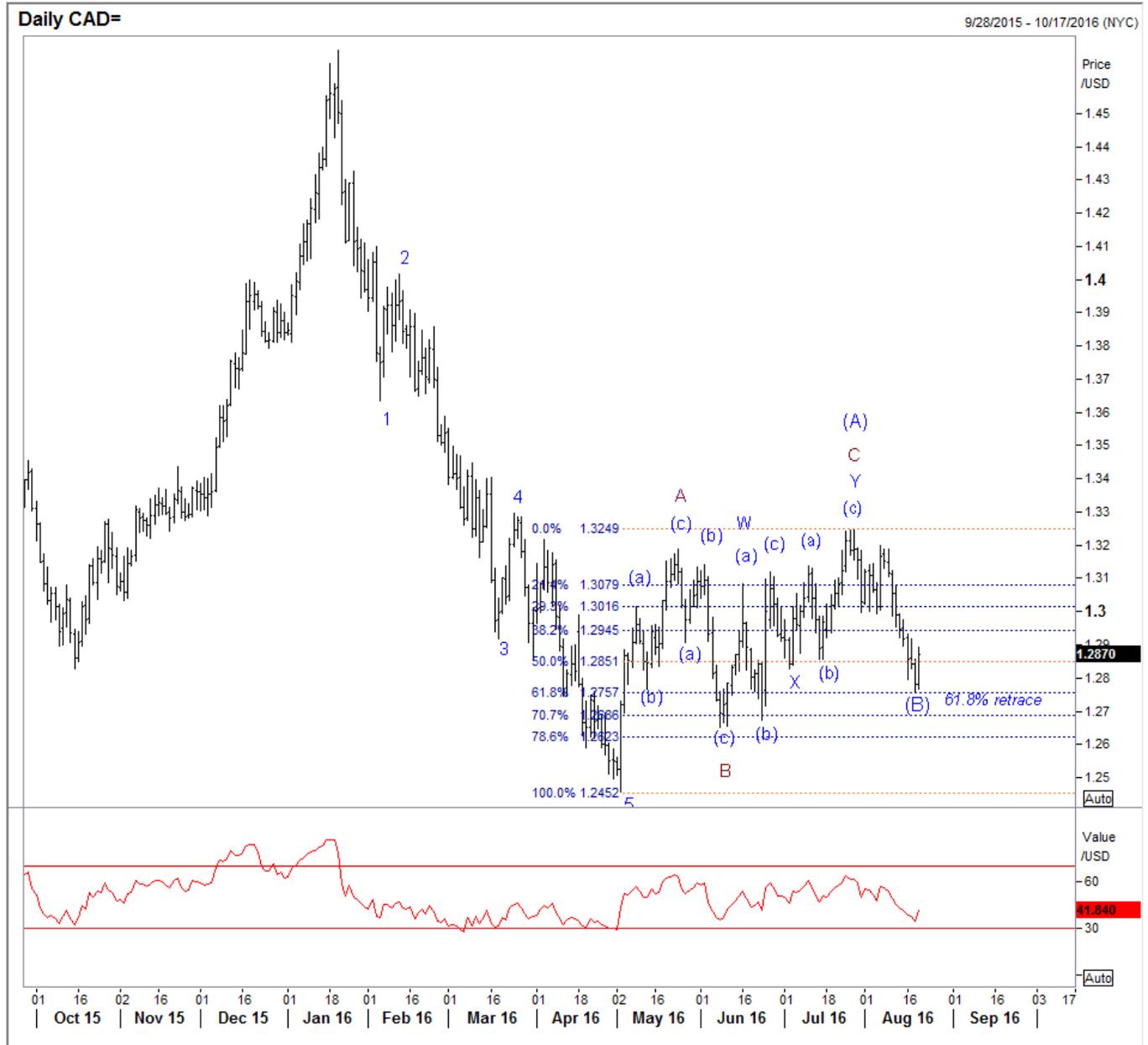
GBP/USD Daily

Two plausible scenarios in play—1.2500 target bearish or 1.3500 target bullish...



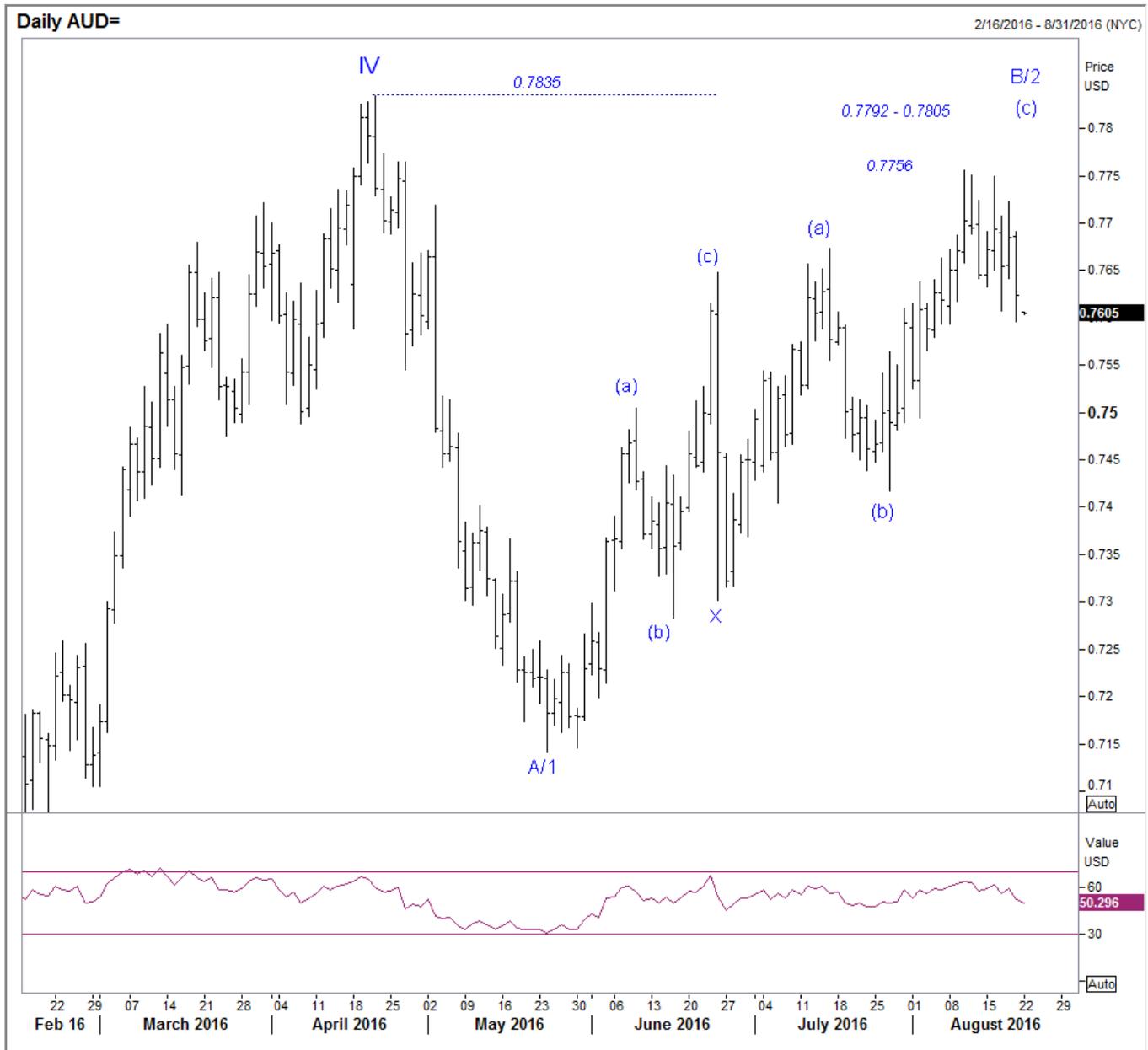
USD/CAD Daily

A good risk/reward setup long it seems if our suspicion a key wave (corrective B) is complete.

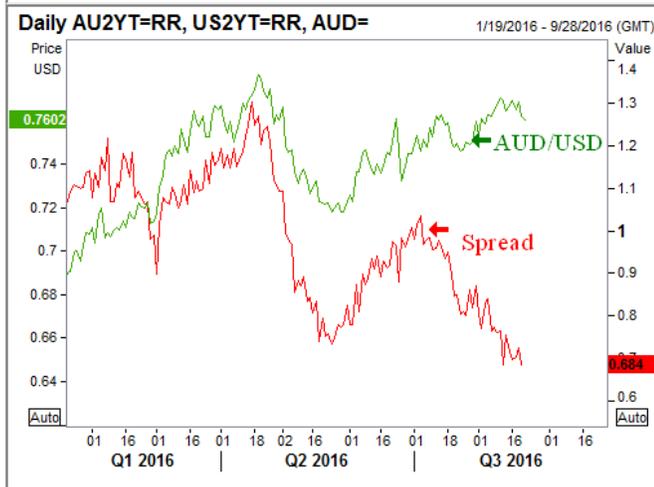
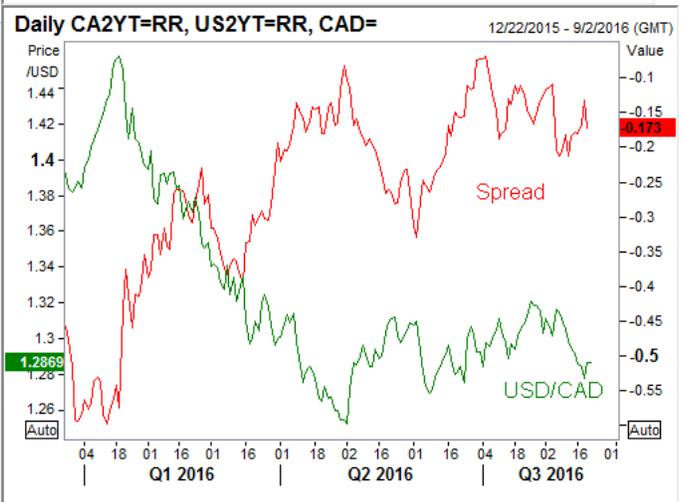
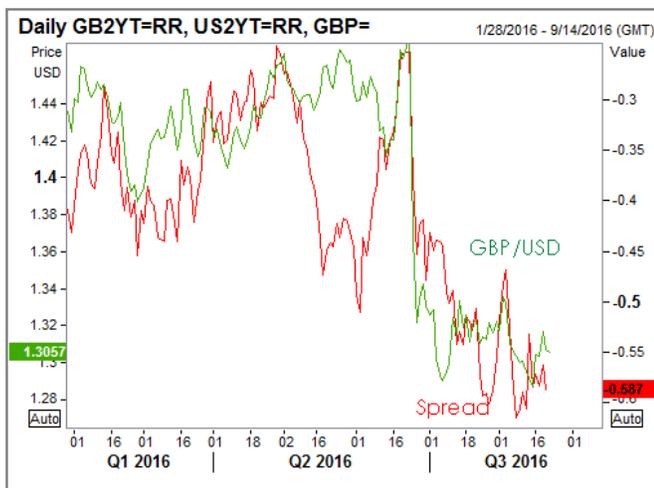
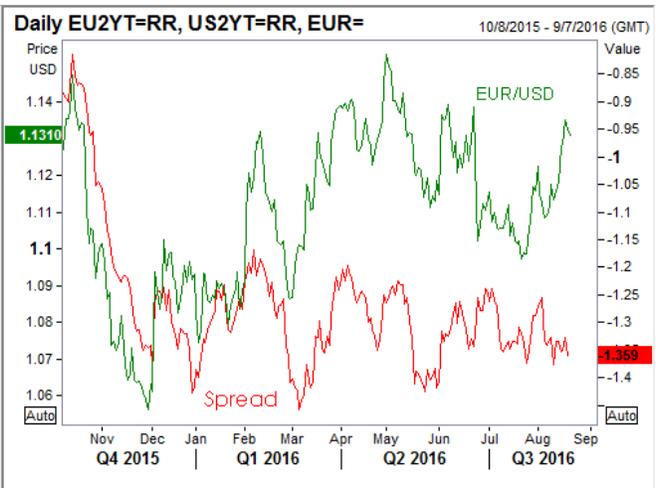
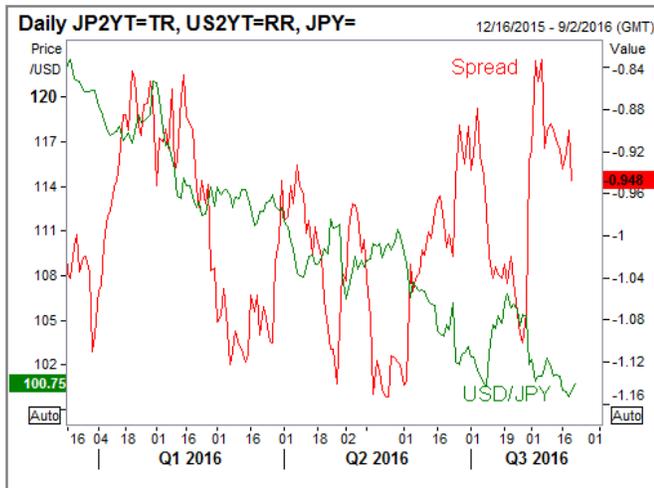


AUD/USD Daily

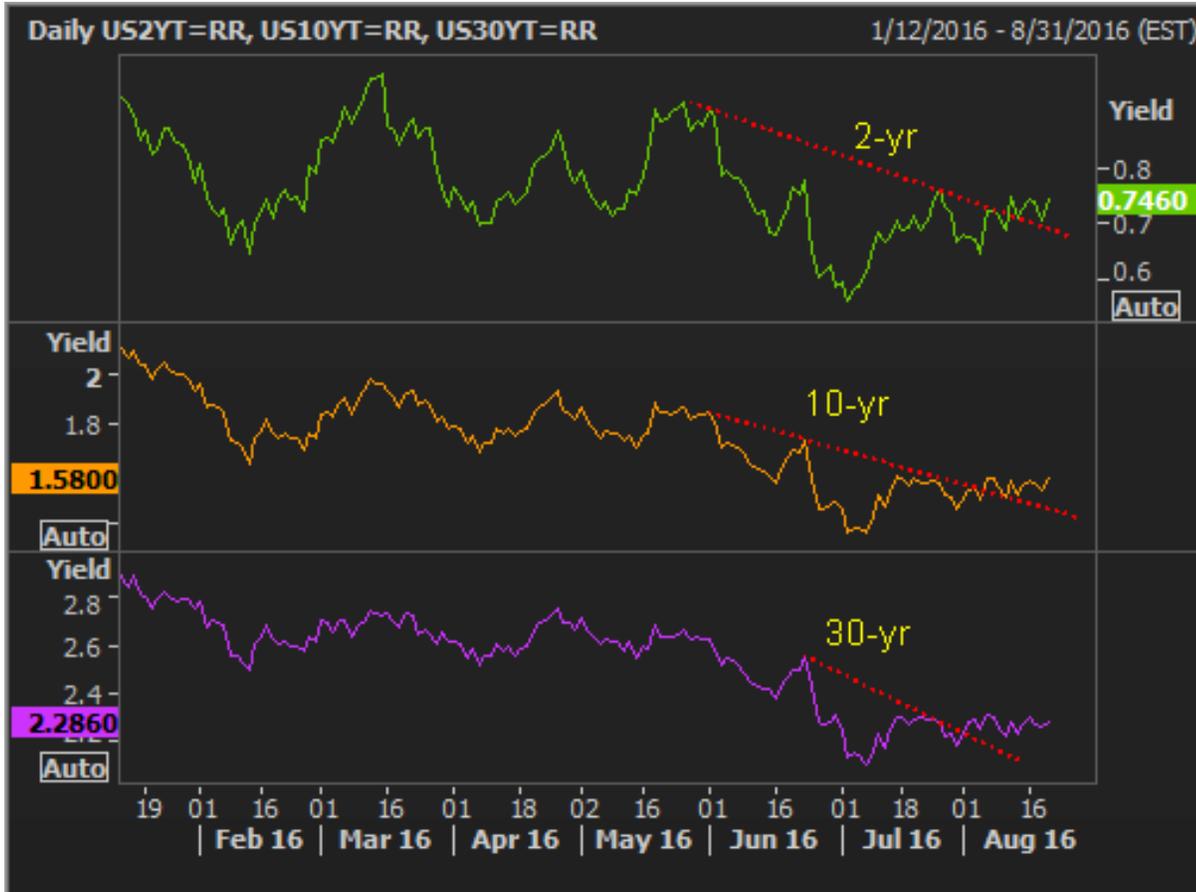
The test of the major swing high at 0.7835 may be in place; *if* so a move back to new lows from here may just beginning underway.



Major Currency Pair vs. 2-year Yield Spread with United States



Major US Benchmark Yields: Working higher?



Black Swan Capital, www.blackswantrading.com