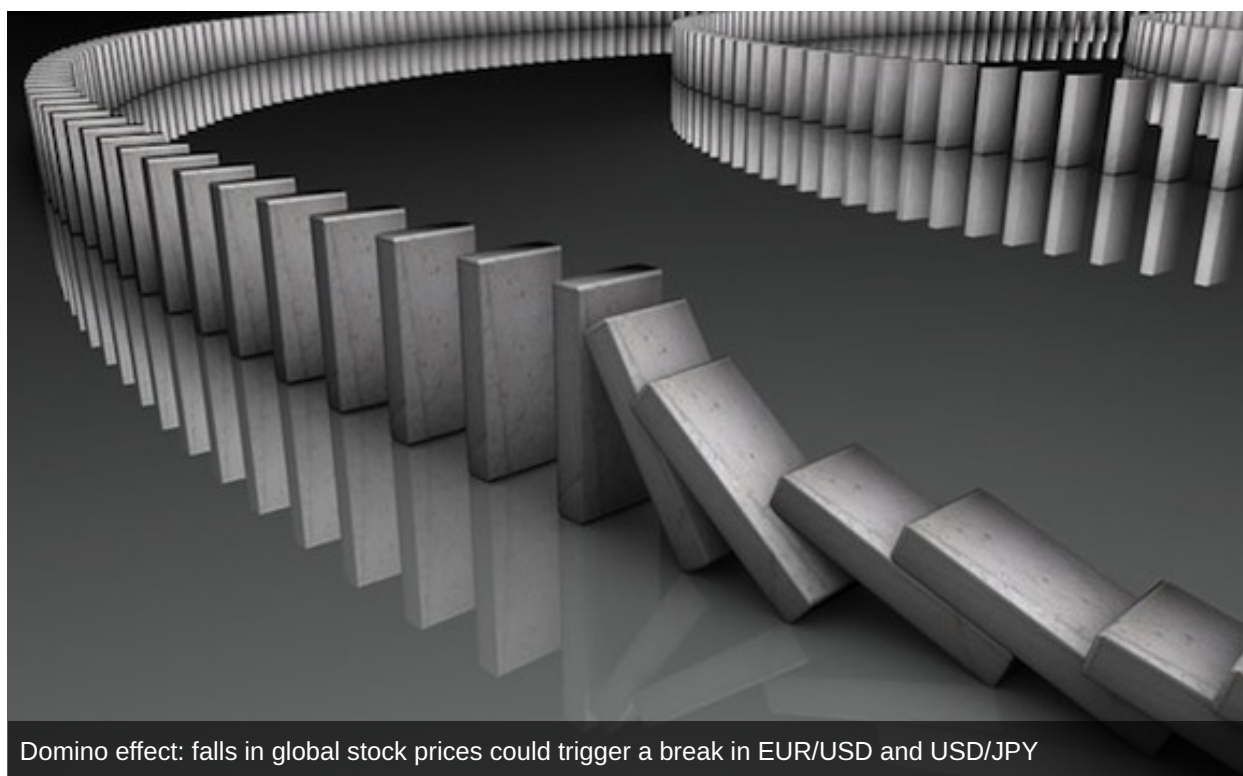


FXCM tops forecast table with close calls

Saettele sees the euro and yen gaining against the dollar



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FXCM topped this week's three-month forecast table with close calls on most pairs in an environment where the majors are building momentum to break out of the trading range that has held for a year.

Jamie Saettele, senior technical strategist at FXCM, says that despite the

European Central Bank's continued monetary easing, ranges for EUR/USD and USD/JPY will be tested in the weeks to come, with sharp falls in global equity markets being the most likely trigger.

EUR/USD hit 1.05 in March 2015, and set the high of range at 1.17 in August. Saettele predicts a break on the topside in the coming weeks.

"We're one year into a range," he says. "We're looking for this range to break towards the end of this month or the beginning of April, and trade into the mid-1.20s by early May before rolling over again."

“ On a long-term basis, mid-1.20s looms large as resistance... A rally into the mid-1.20s would simply be a return to the breakdown level
Jamie Saettele, FXCM

"On a long-term basis, mid-1.20s looms large as resistance," says Saettele. "The 1998 high is 1.2399; the 2008 low is 1.2329. The downtrend accelerated in December 2014, once these levels were broken. A rally into the mid-1.20s would simply be a return to the breakdown level."

If those resistance levels hold, Saettele does not discount the possibility of EUR/USD trading back down towards parity.

There are also breaks ahead for USD/JPY from the much shorter-lived range of 111–115, with the pair potentially heading to 105.27, with major support at 100.

"USD/JPY completed a 14-month topping process in February on the break of 115.55," says Saettele. "The objective for this pattern is 105.27, which is very near the October 2014 low of 105.19 and January 2014 high of 105.43."

"Bigger picture: the area around 100 is probably where major support is. 100

was the old floor in the late 90s and early 2000s. It's also roughly 50% of the rally from 2011 to 2015," he adds.

Dollar and sterling

Despite all the Brexit news, Saettele says GBP/USD is constructive for a possible run to 1.50 over the next month.

"I could envision GBP/USD trading back to 1.50 before you get strong resistance again," he says. "On a longer-term basis, a move into 1.50 would be viewed as an opportunity to align with the broader downtrend."

Looking ahead, the pound seems to be in trouble technically, with 1.35 as a major level, which will be difficult to pierce through, he adds.

"A break below 1.35 – the 2001 and 2009 lows – could lead to a collapse towards the all-time low of 1.05," he says. "Timing-wise, this is something to prepare for in this coming USD decline, which is viewed as a much needed reaction to the long-term breakout that took place in late 2014."

FXCM has topped last week's currency forecast rankings. On December 11, 2015 the broker's forecast was:

	Three-month forecast	March 14 spot rate
EUR/USD	1.07	1.11
USD/JPY	117	114
EUR/JPY	125	126
GBP/USD	1.57	1.43
USD/CHF	0.96	0.99