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- USDCAD choppy intraday but stalls around 200-day MA. Bearish.
- EURCAD grind higher continues. Bull trend perhaps tiring though.
- GBPCAD firmer but choppy, marginal gains keeps us cautious.
- CADMXN lower, break of 14.70 supports risks extending to 200-day MA.
- AUDCAD very choppy around range ceiling amid weak momentum.
- CADJPY extends slide, bearish picture sustained for push to 81.90 target.

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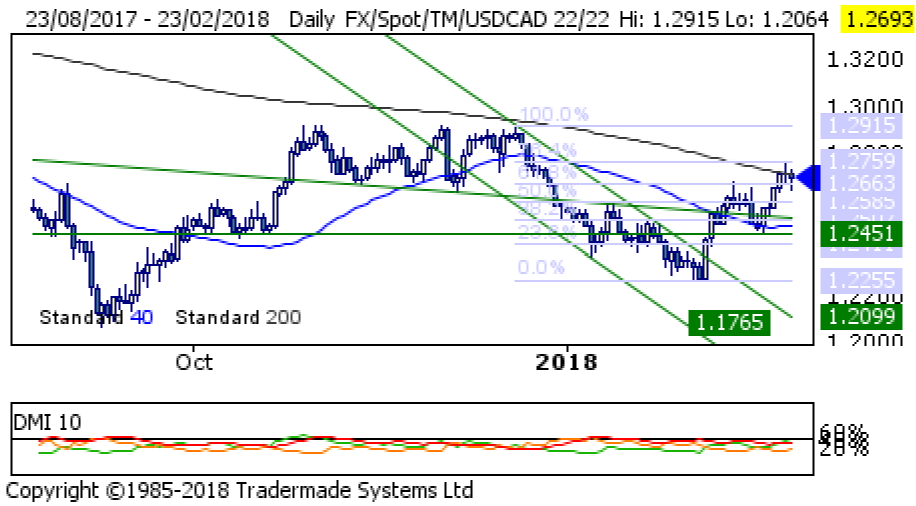
**USDCAD** gains stalled around yesterday's test of the 200-day MA and the USD failed to hold intraday gains above the benchmark through the close—which we wanted to see in order to confirm a clear break. These two developments are two fairly significant strikes against the USD; a lower close today would be a third—but we might not get it despite the USD easing back from early gains. As it stands, price action around major resistance in the upper 1.26/low 1.27 area that we have highlighted this week suggests quite strongly to us that the USD rally is starting to struggle. A definitive technical top/reversal remains absent, however. A lower close today would form the final leg of a daily "evening star" bear reversal but the USD needs to give up more ground over the balance of the session (towards 1.2650/60, we think) for this signal to develop more fully. If not, we may continue to range trade around the highs through the early part of next week as the market seeks to establish a stronger sense of direction. Leaning bearish but awaiting stronger, negative signals.

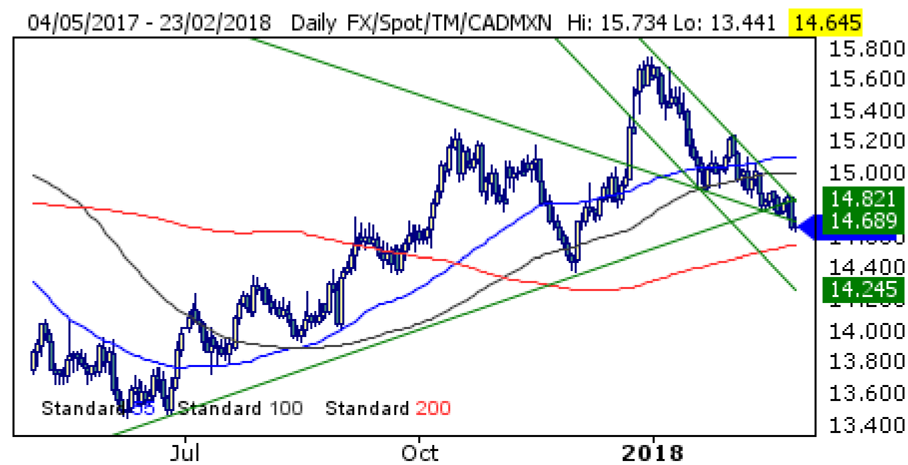



**EURCAD** traded lower earlier in the session but the EUR has rebounded quite easily to keep the cross trading close to the recent high. We continue to think the cross looks expensive in the context of the historic range, price action has suggested the rally may be stalling or slowing (narrowing, upward-tilting range) and that oscillator studies suggest the EUR rise has become over extended. However, a clear reversal in the trend remains absent here as well. EURCAD eased under support in the mid/ upper 1.55 area earlier today but the market recovered quickly, reflecting still firm, if stretched, trend strength oscillators on the medium and longer run studies. This rally has extended much further than we expected but we still don't really trust it.

**GBPCAD** is trading at a marginal new high for the move up and is now just a cent away from retest of the May peak at 1.7854. The technical undertone of the cross remains positive, aided and abetted by positive, medium term trend signals but the shorter-term studies are more equivocal and the push higher in the cross over the past month is reflecting a narrowing, upward -sloping wedge like pattern that sometimes reflects a market that is running out of momentum. We have mixed feelings about the outlook for the GBP here—recall we said that the break to new, short term cycle highs implied ongoing upside risks to the 1.8050 area initially and possibly 1.85 area beyond that. However, the move up is struggling somewhat. For now, we will stick with the bullish but trend support at 1.7585 is out effective “stop loss” on the view.




**CADMXN** has extended its bear run through 14.70 support to test fresh lows at levels last seen in early December. The 200 day MA (14.54) is in sight, and the descending wedge has been violated. Momentum indicators are finally confirming the CADMXN decline however trend strength remains weak. We highlight the potential importance of 14.60 around the midpoint of the range from June. Near-term resistance is limited ahead of 14.75-14.80.






**AUDCAD** remains very choppy, with the intraday swings over the latter part of this week reflecting a highly indecisive market in our opinion. The fact that the AUD rally is stalling around the recent range highs (and weekly price action is leaning perhaps a little more negative at this stage) suggests to us that a more significant move up is unlikely at this stage and that the cross is more likely to slip back towards the lower end of the trading range. Note flat-lining trend strength signals on the daily DMI study—reflecting a market devoid of strong, directional impulses. We prefer the idea of fading AUD gains here but this is not a view held with much conviction at this stage.

**CADJPY**'s weekly chart underscores the significant downside risk that remains in this cross from a technical point of view. A second weekly close below the major double top (91.63) trigger (86.77) keeps the CAD on track for a drop to the 81.90 measured move target. Note that this coincides currently with the base of the weekly cloud support. Short, medium and long-term DMI signals are aligned bearishly—which conveys a high degree of conviction on the bearish outlook from our point of view. Look to fade minor CAD gains to the mid/upper 84s now.