

- EURUSD eases below consolidation range, pressures key 1.17 support.
- GBPUSD's rally pauses, near-term risks tilt lower.
- USDJPY range bound still but price signals are leaning bullish.
- USDMXN breaks mid-year consolidation range, aims for 18.50 at least.
- NZDUSD soft but trapped between 200-day/200-week MA signals.

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EURUSD's upward trajectory has slowed more materially against the tentative topping signals we noted in our last report (weekly "shooting star" that formed at the start of the month around long-term resistance at 1.2047, the last major low point from 2012). The consolidation range in spot that has endured for much of the month has broken down and trend momentum signals are turning more EUR-negative on the short run studies. After two unsuccessful attempts at 1.2050/90, the break under the range base (1.1824) gives the appearance of a double top formation and suggests downside risks to the mid-1.15s. However, we note firm support (and possibly a short-term base) in the low 1.17 area (23.6% Fibonacci retracement support of the 1.06/1.20 move up and 200-week MA at 1.1722). Expect the EUR tone to remain soft near-term (and a little softer still if 1.17 fails to hold). We think EUR weakness is corrective, however, and we will look to fade weakness in the next few weeks.



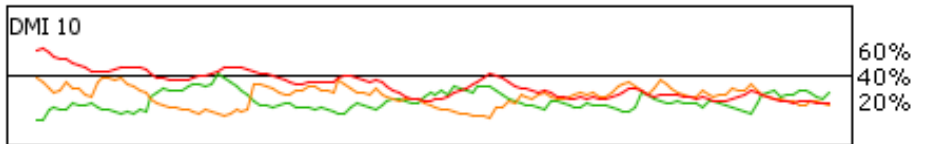
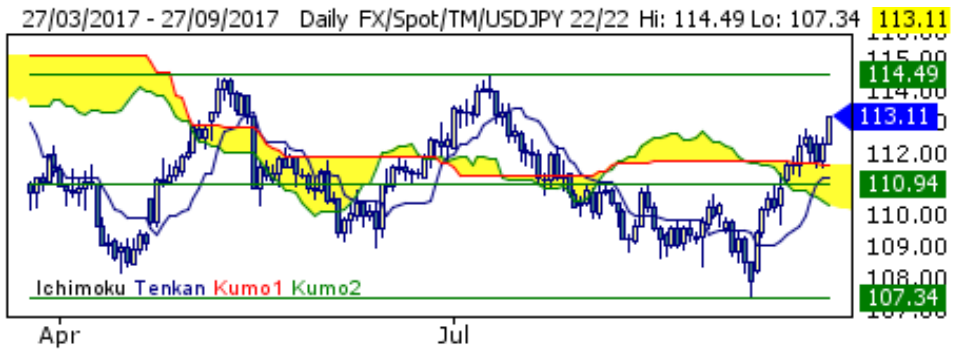
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GBPUSD has performed more strongly than expected over the past two weeks following a sharp pick up in momentum from the 1.30 area through the 40-day MA. Near-term risks are perhaps turning a little lower for the GBP again, however. Gains have stalled around the 50% retracement (1.3429) of the 1.50/1.20 fall seen through Jul/Oct last year and daily price signals suggest a short-term top (at least) from the 1.3657 high (key reversal day) reached last week. We think Cable risks tilting somewhat lower in the next few weeks and note short-term retracement support at 1.3306 and 1.3206 which bracket the early Aug peak at 1.3267. We look a little more corrective softness in the GBP from here but also expect support on dips to the 1.32/1.33 zone in the next few weeks. Cable risks turn more materially weaker below 1.31 (40-day MA).



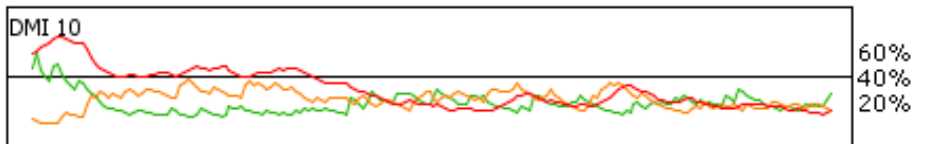
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USDJPY is tracking higher, albeit in a broad, sideways range. There are some promising signals from the cloud charts (spot generally at or a little above cloud resistance on the intraday, daily, weekly and monthly ichimoku charts) and longer run price signals (strong rebound from the early Sep low) to suggest that the broader risks are tilted somewhat higher, however. The daily cloud chart picture lacks the 'confirming' bull signal (move above the cloud by the tenkan moving average) but there are signs of strengthening USD bullish momentum on the more traditional methods of looking at market dynamics (intraday, daily and weekly DMI oscillators). Moreover, longer term price signals suggest a strong rejection of the 108 area. We look for good support on dips for the USD from here and for progress towards the upper end of the current range at 114/1.15. Above here suggests a push on towards 120/121 over the following 6-9 months.



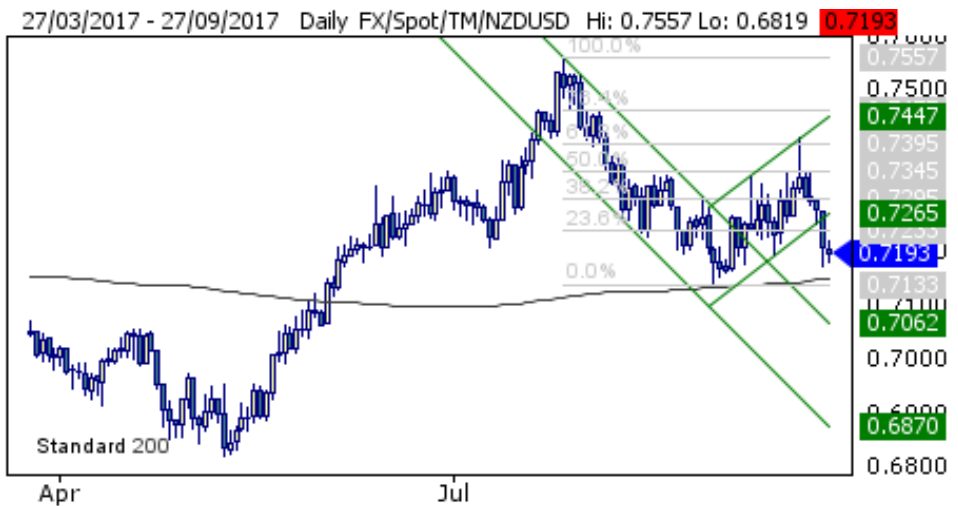
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USDMXN price action suggests the early 2017 decline in the USD is starting to form a more meaningful trend reversal. The USD has moved sideways essentially since Jul but a new, short-term cycle high for the USD today through 18.0550 puts near-term risks squarely on the upside (we look for a range extension trade towards 18.50 at least). A high close on the week will add to broader corrective pressure for USD gains, we think. Longer run charts suggest a major low/reversal in development around 18.00 over the past three months and a high close to week and, effectively the Sep month, will strongly support that impression. USD gains to 18.50/55 effectively test the initial retracement resistance (23.6% of the 22/17.4 drop). We think a strong end to Sep will imply the risk of a more pronounced correction (above 19) in the coming weeks.



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NZDUSD's rally off its 200-day MA is stalling. Daily and weekly "shooting star" signals suggest a reversal and strong rejection of the 0.74 area (200-week MA at 0.7388). The Sep consolidation in the Kiwi has broken down bearishly for the market. While there are multiple signals pointing towards NZD weakness on the charts at present, in our opinion, the short term trend studies reflect a lack of directional conviction that is also apparent on the longer run studies. This may mean an extended range trade between 0.71/0.74.



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