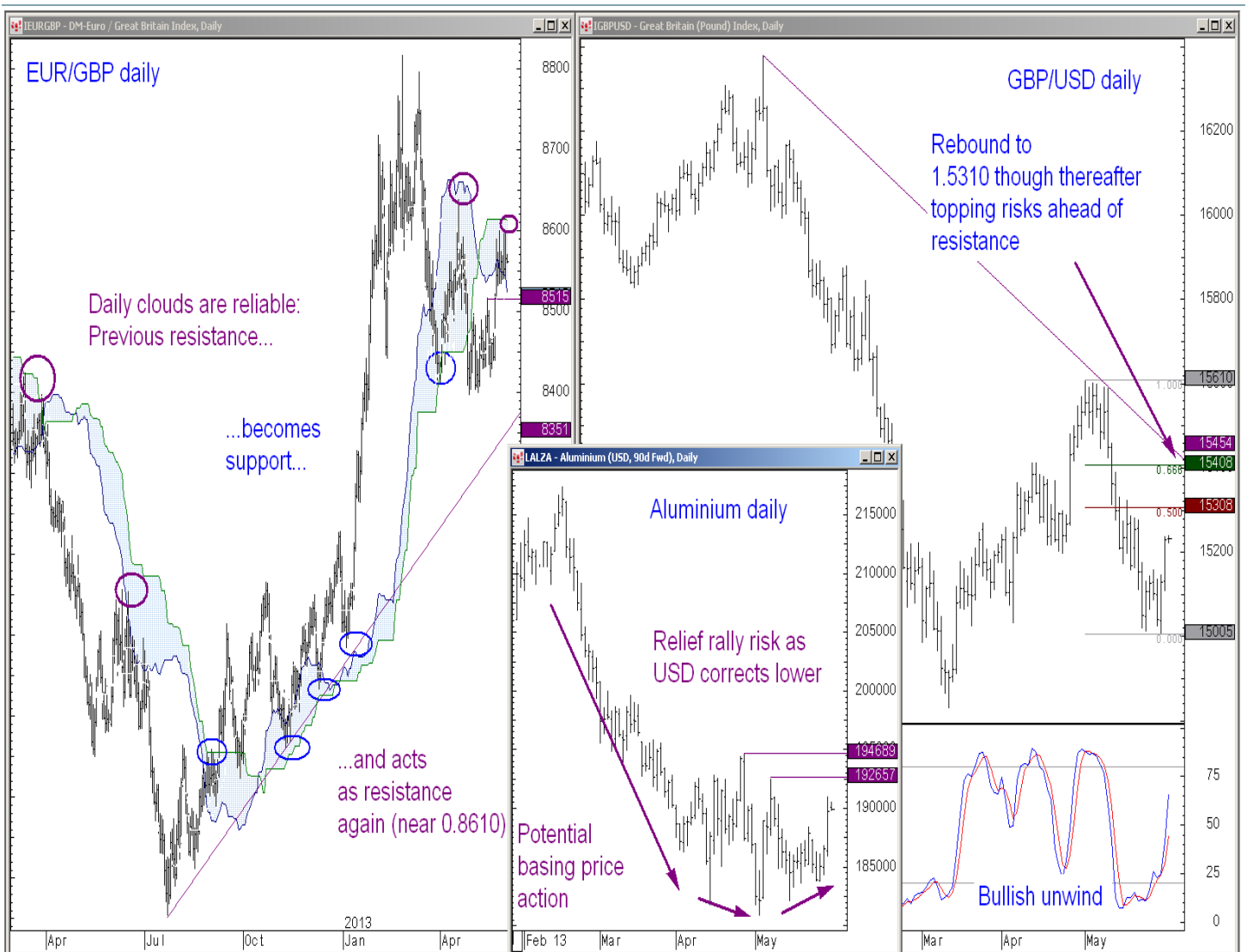


Global Daily FX Technical Analysis and Strategy

Renewed weakness in the USD around month end is providing an opportunity for some base metals to rebound. It is not just the metals, other currencies such as sterling and the AUD are also showing near term signs of strength. For cable, the bullish volume indications noted in *Daily FX Technical Volume Strategy – Cable positive volume* are being vindicated and we expect short term strength. Similarly for AUD/USD, stops likely located above 0.9700 are vulnerable. However, we view such moves as temporary given the larger bullish signals noted for the USD in recent reports (Bullish Reversal months forming in several currency pairs such as USD/MXN and USD/ILS).

Daily focus: Sterling's temporary upswing



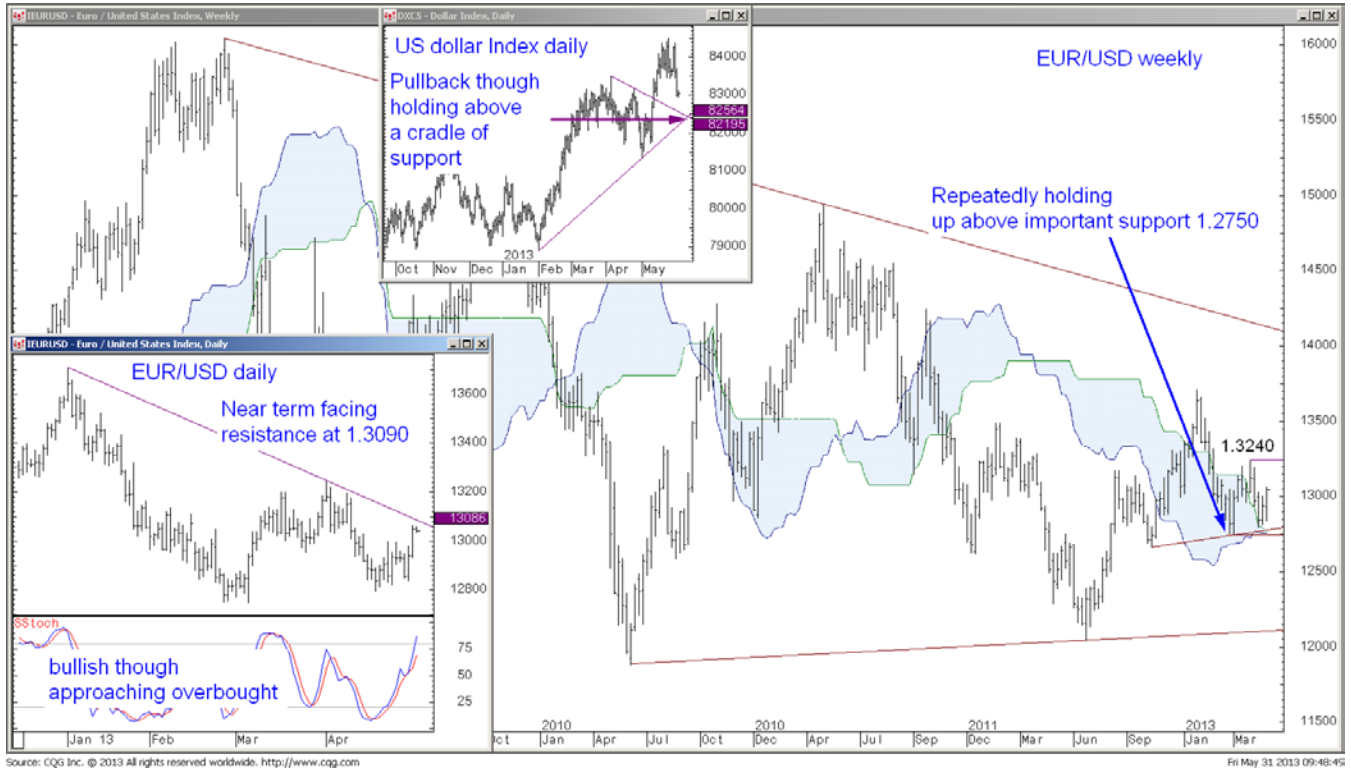
Source: CQG Inc. © 2013 All rights reserved worldwide. <http://www.cqg.com>

Fri May 31 2013 09:43:29

FX CHARTS

FIGURE 1

EUR/USD comes back from key support at 1.2750, now risking short term upside though momentum is getting overdone.



Source: CQG Inc. © 2013 All rights reserved worldwide. <http://www.cqg.com>

Source: CQG

FIGURE 2

Signs of emerging CHF strength though levels to clear at 1.2420 for EUR/CHF and 106.70 for CHF/JPY.



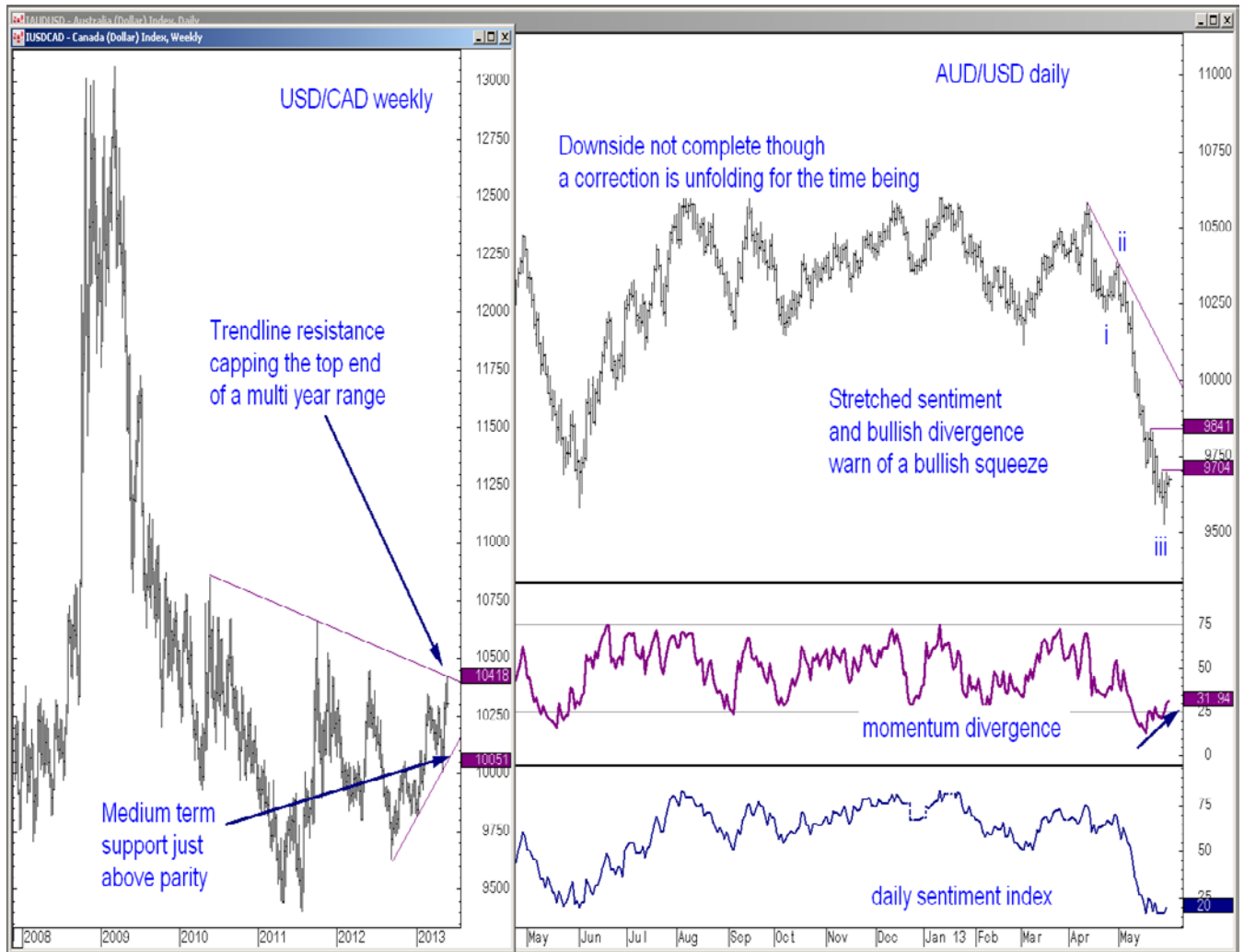
Source: CQG Inc. © 2013 All rights reserved worldwide. <http://www.cqg.com>

Source: CQG

FX CHARTS AND LEVELS

FIGURE 3

USD/CAD pulls back from long term trend-line resistance while AUD/USD threatens to stage a temporary relief rally.



Source: CQG Inc. © 2013 All rights reserved worldwide. <http://www.cqg.com>

Fri May 31 2013 09:07:42

Source: CQG

FIGURE 4

	EUR/\$	\$/CHF	\$/JPY	GBP/\$	EUR/JPY	EUR/GBP	EUR/CHF	AUD/\$	NZD/\$	\$/CAD
Momentum	<i>Bullish</i>	<i>Bearish</i>	<i>Bearish</i>	<i>Bullish</i>	<u><i>Bullish</i></u>	<u><i>Bullish</i></u>	<i>Bearish</i>	<i>Oversold</i>	<i>Bullish</i>	<i>Overbought</i>
Resistance	1.3150	0.9655	101.95	1.5305	133.00	0.8640	1.2500	0.9750	0.8215	1.0390
	1.3095	0.9595	101.30	1.5245	132.20	0.8610	1.2460	0.9700	0.8160	1.0345
Support	1.3000	0.9500	100.45	1.5160	130.20	0.8545	1.2420	0.9580	0.8000	1.0260
	1.2930	0.9440	99.95	1.5105	129.95	0.8530	1.2380	0.9525	0.7960	1.0220
	EUR	CHF	JPY	GBP	AUD	NZD	CAD	\$ INDEX		
Sentiment	24	31	29	38	20	27	19	68		

*Other indications, backtest statistics, and momentum readings available on TRENDS, an online Technical Strategy tool on Barclays Live. Most recently changed momentum signals are underlined.

FX AT A GLANCE

FIGURE 5

Currency Pair	View
EUR/USD ↑	The overthrow of 1.3000 occurred in line with our view though the pace of the rise was unexpected. As such, we are now looking to buy dips in the short term, allowing for an extension higher through a trendline at 1.3090. Thereafter, daily momentum is likely to become overbought and gains more difficult in the making (would look for a pullback against 1.3150). Short term, support is at 1.2975.
USD/JPY ↓	A Pennant formation is unfolding though for this pattern to complete and to suggest a stronger upside move, in the least, we prefer to see a recovery above 101.95. Until then, the risk is for choppy moves between 100 and 101.95 with a marginal bias to sell rallies.
GBP/USD ↑	The upside squeeze and warnings from volume highlighted in the <i>Daily FX Technical Volume Strategy</i> publication suggest further gains towards 1.5305/25. Thereafter, we would look for the larger range highs near 1.5410/50 to cap and for a turn back towards important support at 1.5000.
USD/CHF ↓	The downside is unfolding in line with our view and we expect a test of 0.9500 before looking for a bounce. Near term, bearish pressure remains while below 0.9595. In a worst case scenario, we cannot rule out profit taking towards 0.9400/0.9380.
EUR/JPY →	We were wrong in assuming follow through to the downside. However, a strong bullish signal is lacking and overall, we prefer selling rallies against 133.85 (given a Key Bearish Reversal Week completed a week ago). A break below 130.00 is needed to adopt a stronger bearish bias.
EUR/GBP ↓	We expect sterling outperformance in the short term. The market has repeatedly been unable to break through daily cloud resistance at 0.8610 and risks are increasing for a top and return to 0.8460.
EUR/CHF ↓	The neckline of a topping pattern is at 1.2420. We are modestly bearish, expecting a test of this level though a break lower would warn of a deeper setback to 1.2340/80. Bearish pressure remains while below 1.2500.
AUD/USD ↑	We are changing our short term view given bullish divergence warnings and overly stretched bearish sentiment (DSI readings on Fig 3). Near term, 0.9700/05 is vulnerable, above which we expect a test of the 0.9800 handle before the greater bear trend can resume. Below 0.9530, we are wrong.
NZD/USD →	NZD/USD is trying to form a base above 0.8000. A break above 0.8165 is needed to confirm a bout of short covering for a test of 0.8260. The weekly cloud base at 0.7960 should hold firm.
USD/CAD ↓	Signs of a USD pullback are likely to weigh on USD/CAD in the short term, especially as long term range highs held firm near 1.0425. We expect a test of 1.0260 before looking for a base. Bigger picture, we are bullish though are patiently awaiting a decisive break above 1.0450 for a strong sign.

Note: *Colour legend for short-term trend bias/arrows: **Bullish**, **Bearish**, **Neutral**