

**Institutional Banking and Markets**

# **Weekly Foreign Exchange Technical Report**

**18th of June 2015**

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# AUDUSD

**Monthly View:** The same count since May 2013. The rally from the 2001 low at .4776 to the 2011 high at 1.1081 completed a corrective three wave rally. My preferred wave count as viewed on the monthly chart, has the AUD/USD targeting a move towards .7000c.

**Update:** The AUD remains in a period of consolidation between .7600 and .7820. My preference is for another test of .7820/50, possibly .7870 and from there, it becomes make or break.

Failure to extend moves past .7870 followed by a move back below .7750 would suggest the focus on the downside has resumed. Conversely, an ability to hold gains above .7870 would suggest a move towards .8150 is likely before renewed downside.

## AUDUSD Weekly



# AUDUSD

## AUDUSD DAILY



# NZDUSD

**Monthly View:** The same longer term wave count identified in the AUDUSD is also evident in NZDUSD. The rally from the 2000 low of .3900 to the July 2014 high at .8836 appears to have completed a corrective three wave rally, which suggests risks are firmly to the downside.

**Update:** We have been aggressively bearish NZD and NZDXXX for many months. Given the acceleration seen over the last week its become apparent the current moves lower are impulsive 3<sup>rd</sup> waves. (NZ TWI downside target now 68.00, NZDUSD .6300). Therefore, the only approach for the kiwi in coming months, should be that of selling the inevitable bounce in birds, when they occur.

## NZDUSD Weekly



# NZDUSD

## NZDUSD DAILY



# NZ TWI

## NZTWI Weekly



# AUDNZD

**Monthly View:** For the past 6mths we have been ultra-bullish AUDNZD. The initial 1.1200/1.1300 target has been reached. Neutral here.

**Trade update:** The initial bullish target has now been reached. I suggest squaring up longs and assessing how AUDNZD tackles the 2014, 1.1300 highs. I will therefore take this opportunity to take profit on the call spread suggested last week. Full details below.

On the 9<sup>th</sup> of June we bought a 1m AUDNZD 1.0850/1.1200 call spread, a tier 2 weighting (or 42.5m FV), using a 1.0785 spot ref (vols 9.9 v 9.95)) net prem 83.5 nzd pips. I will close this trade out today at 273 nzd pips and lock in a 0.72% gain on our portfolio.

Please note: The above options trade has been entered as a spot trade in the P&L spreadsheet. The entry price has been generated after the premium outlaid is accounted for. The target has been entered as 1.1200 (the top of the call spread).

## AUDNZD WEEKLY



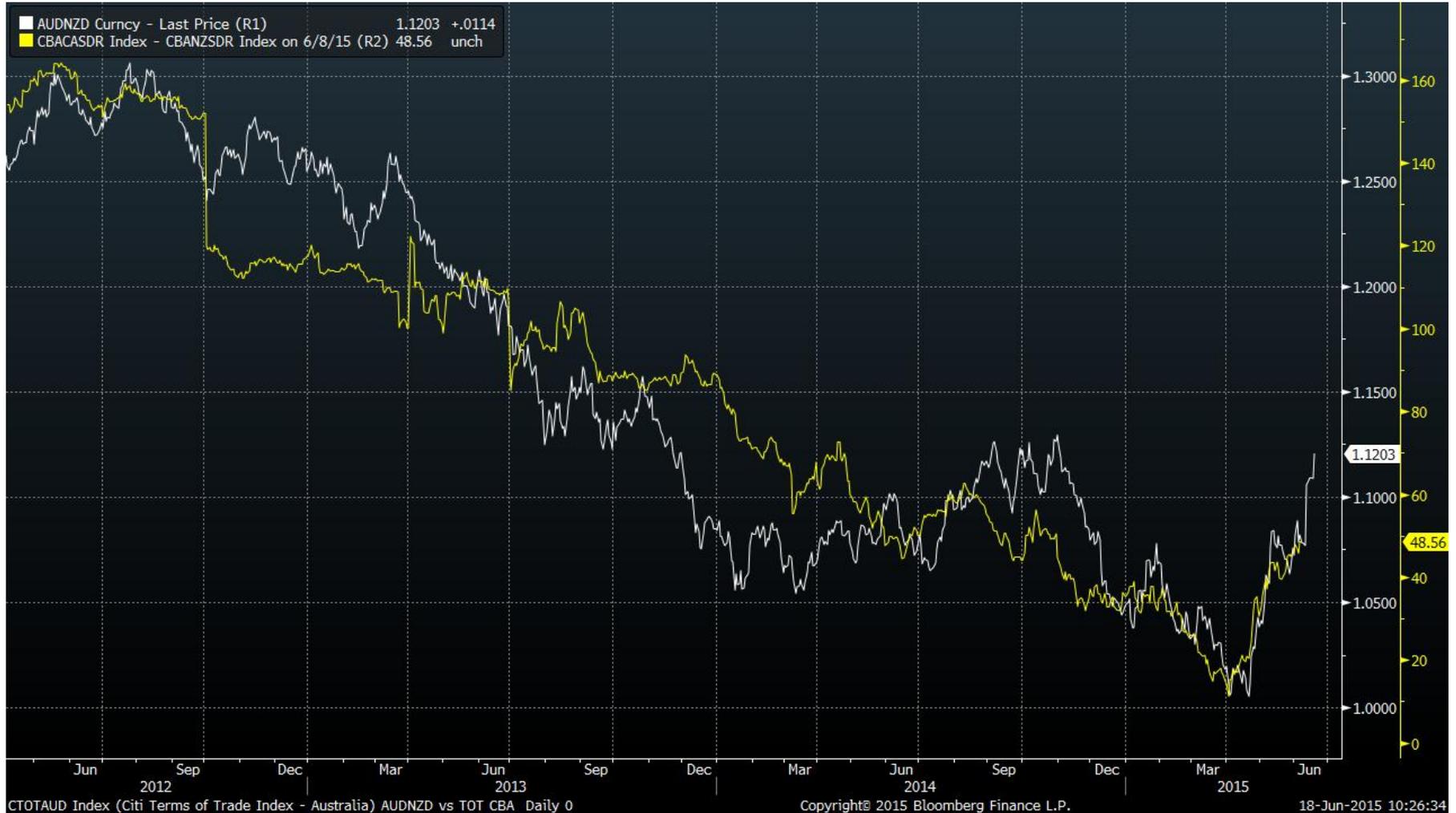
# AUDNZD

## AUDNZD DAILY



# AUDNZD

## AUDNZD Vs CBA Terms of Trade Indices



# AUDNZD

## AUDNZD Vs Rates



# GBPNZD

**Monthly View:** Remain bullish after our first target of 2.2500 has been achieved.

**Update:** In mid-May we highlighted the significant break above the 2.1000 tech resistance area and this week the 2.2500 target has been reached and exceeded. We will keep this chart on our radar, looking for pullbacks to rebuy in coming weeks.

## GBPNZD WEEKLY



# EURUSD

**Weekly view:** The current bounce to extend further before the downtrend resumes.

**Update:** While we remain bearish EURUSD in the bigger picture, there does appear to be a high likelihood of further gains before the downtrend resumes. Short term traders may be tempted to go long on a break of 1.1390 with a move towards the 1.1600 area likely to follow.

## EURUSD Weekly



# EURUSD

## EURUSD Daily



# USDJPY

**Weekly view: Bullish**

**Trade idea:** Currently square USDJPY after it reached the 125.50 profit target earlier this month. I expect the current pullback to continue towards the “abc” pullback target, 121.50/00 area and given the high quality of this setup, I would recommend leaving the following order.

Buy a Tier 2 weighting at 121.55 with a sell stop placed at 120.30. If done, the target to cut the trade is 126.50.

## USDJPY Monthly



# USDJPY

## USDJPY Daily



# S&P 500

**Weekly view:** False topside break, the focus is lower.

**Update:** For those who used the close below 2100 to establish shorts, the target is the 1980 region (5% lower). Stops on shorts should now be lowered from 2135 to 2110.

## S&P 500 Weekly



# Trade Recommendations P&L

2015 P&L Trade Recommendation Spreadsheet

Horizon Date		18/06/2015														
Fund Size \$AUD		100,000,000.00		PX_LAST												
Tier 3 Trade		<0.25% of fund		0.25%												
Tier 2 Trade		<0.33% of fund		0.33%												
Tier 1 Trade		<0.50% of fund		0.50%												
Date	Currency	Tier	Tier Percent	Buy/Sel	Entry Px	Current Px	Original Stop Loss	Adjusted Stop Loss	Face Value	Target	Date Closed	Price Trade Closed	How Closed	PnL	Net PnL	
8/01/2015	AUDUSD	Currency	Tier 3	0.25%	Buy	0.8100	0.7727	0.7999	0.8100	20,049,505	0.8300	15/01/2015	0.8145	taken profit	0.1108	0.1220
15/01/2015	AUDNZD	Currency	Tier 3	0.25%	Buy	1.0620	1.1208	1.0409	1.0545	12,582,938	1.1200	3/02/2015	1.0695	taken profit	0.0882	0.0821
20/01/2015	USDJPY	Currency	Tier 3	0.25%	Buy	118.2200	123.41	116.7800	0.7620	16,833,333	121.8500	2/02/2015	116.78	stopped out	-0.2661	-0.2661
21/01/2015	AUDNZD	Currency	Tier 3	0.25%	Buy	1.0690	1.1208	1.0470	1.0545	12,147,727	1.1200	3/02/2015	1.0695	taken profit	0.0057	0.0016
21/01/2015	NZDUSD	Currency	Tier 3	0.25%	Sell	0.7597	0.6894	0.772	0.7620	-21,727,642	0.7400	6/02/2015	0.7342	taken profit	0.5257	0.4951
6/02/2015	USDJPY	Currency	Tier 3	0.25%	Buy	118.96	123.41	117.89	118.25	21,698,598	Open	16/02/2015	118.25	stopped out	-0.1675	-0.1675
11/02/2015	USDJPY	Currency	Tier 3	0.25%	Buy	119.40	123.41	118.25	118.25	20,178,261	Open	16/02/2015	118.25	stopped out	-0.2522	-0.2522
24/02/2015	AUDNZD	Currency	Tier 2	0.33%	Buy	1.0451	1.1208	1.0285		20,776,084	1.0800	20/03/2015	1.0285	stopped out	-0.3353	-0.3486
24/02/2015	GBPUSD	Currency	Tier 3	0.25%	Buy	2.0664	2.2969	2.0499		15,833,333	2.1000	25/02/2015	2.0499	stopped out	-0.2500	-0.2513
11/03/2015	USDCAD	Currency	Tier 3	0.25%	Buy	1.2685	1.2235	1.256	1.2685	19,352,000	1.295	18/03/2015	1.2685	stopped out	0.0000	-0.0034
8/04/2015	USDCAD	Currency	Tier 2	0.33%	Sell	1.2405	1.2235	1.2515		-28,980,000	1.225	8/04/2015	1.2515	stopped out	-0.3300	-0.3300
14/04/2015	USDJPY	Currency	Tier 2	0.33%	Sell	120.11	123.41	121.05	119.850	-32,017,021		22/04/2015	119.85	taken profit	0.0897	0.0897
16/04/2015	EURUSD	Currency	Tier 3	0.25%	Buy	1.0752	1.1356	1.0631	1.0685	14,876,033	1.1000	21/04/2015	1.0685	stopped out	-0.1384	-0.1388
23/04/2015	NZDUSD	Currency	Tier 2	0.33%	Sell	0.7648	0.6894	0.7755		-31,211,215		28/04/2015	0.7627	taken profit	0.0636	0.0496
29/04/2015	NZDUSD	Currency	Tier 2	0.33%	Sell	0.7730	0.6894	0.7830	0.7541	-34,320,000	0.7400	14/05/2015	0.7541	taken profit	0.6006	0.5564
29/04/2015	EURUSD	Currency	Tier 3	0.25%	Sell	1.1085	1.1356	1.1350		-6,839,623	1.0500	6/05/2015	1.1180	trade closed	-0.0915	-0.0912
29/04/2015	EURUSD	Currency	Tier 3	0.25%	sell	1.1185	1.1356	1.1350		-10,984,848	1.0500	6/05/2015	1.1180	trade closed	0.0077	0.0081
5/05/2015	AUDNZD	Currency	Tier 3	0.25%	Buy	1.0471	1.1208	1.0315	1.0405	16,780,449	1.0800	12/05/2015	1.078	taken profit	0.4810	0.4780
13/05/2015	GBPUSD	Currency	Tier 2	0.33%	Buy	2.1065	2.2969	2.073	2.1085	10,638,806	2.2500	9/06/2015	2.1522	taken profit	0.4508	0.4284
20/05/2015	USDJPY	Currency	Tier 3	0.25%	Buy	121.05	123.41	119.75		18,346,154	125.50	5/06/2015	125.5	taken profit	0.8549	0.8549
22/05/2015	AUDNZD	Currency	Tier 3	0.25%	Buy	1.0695	1.1208	1.0550	1.0635	18,439,655	1.1300	9/06/2015	1.0785	taken profit	0.1539	0.1454
25/05/2015	EURUSD	Currency	Tier 2	0.33%	Sell	1.0997	1.1356	1.1210	1.1110	-11,038,732	1.0500	2/06/2015	1.1110	stopped out	-0.1792	-0.1788
3/06/2015	NZDUSD	Currency	Tier 3	0.25%	Sell	0.7190	0.6894	0.7351	0.7202	-16,816,770	0.6700	9/06/2015	0.7124	taken profit	0.1030	0.0943
Opt Trade	9/06/2015	AUDNZD	Currency	Tier 2	0.33%	Buy	1.1010	1.1208		42,500,000	1.1200	18/06/2015	1.1200	taken profit	0.7210	0.7210
														2.2463	2.0988	

# AUDNZD 1.0850/1.1200 options trade snap shot.

## Entry details

On The Fly FXD ✕		On The Fly FXD II ✕	
MD Private Mode: OFF		Total NPV: R	232,141 AUD
11 Jun 2015		Pricing: 09 Jun 2015	Booking: 09 Jun 2015
Broadcaster	Type	#1 Vanilla Option FXD	#2 Vanilla Option FXD
AUD-NZD	Instrument	AUD-NZD	AUD-NZD
	Buy/Sell	Sell	Buy
Call AUD / Put NZD	Call/Put	Call AUD / Put NZD	Call AUD / Put NZD
1m	Thu 09Jul15	1m	Thu 09Jul15
3TK	3:00 p.m. Tokyo time	3TK	3:00 p.m. Tokyo time
Mon 13Jul15	Delivery	Mon 13Jul15	Mon 13Jul15
	Strike	1.0850	1.1200
42,500,000.00	Nominal amt	42,500,000.00	42,500,000.00
	Other nominal amt	46,112,500.00	47,600,000.00
European	Euro/Amer	European	European
Standard	Payout type	Standard	Standard
Thu 11Jun15	Premium value date	Thu 11Jun15	Thu 11Jun15
Internal Spot	Hedge type	Internal Spot	Internal Spot
1.0785	Market Spot	1.0785	1.0785
	Market Volatility	9.90	9.95
13.80	Market Swap	13.80	13.80
1.0799	Market Forward	1.0799	1.0799

# AUDNZD 1.0850/1.1200 options trade snap shot.

## Exit details

MD Private Mode: OFF			Total NPV: R	1,159,948 NZD	22 Jun 2015	Pricing: 18 Jun 2015	Booking: 18 Jun 2015			
<b>Broadcaster</b>			<b>Type</b>		<b>#1 Vanilla Option FXD</b>			<b>#2 Vanilla Option FXD</b>		
AUD-NZD			Instrument		AUD-NZD			AUD-NZD		
3TK 3:00 p.m. Tokyo time			Cutoff		3TK 3:00 p.m. Tokyo time			3TK 3:00 p.m. Tokyo time		
Mon 13Jul15			Delivery		Mon 13Jul15			Mon 13Jul15		
AUD-NZD			Strike		1.0850			1.1200		
42,500,000.00			Nominal amt		42,500,000.00			42,500,000.00		
AUD			Other nominal amt		46,112,500.00			47,600,000.00		
NZD					NZD			NZD		
European			Euro/Amer		European			European		
Standard			Payout type		Standard			Standard		
Mon 22Jun15			Premium value date		Mon 22Jun15			Mon 22Jun15		
Internal Spot			Hedge type		Internal Spot			Internal Spot		
1.1205			Market Spot		1.1205			1.1205		
8.54			Market Volatility		8.42			8.20		
1.1214			Market Swap		8.54			8.54		
			Market Forward		1.1214			1.1214		
			Breakeven		1.1218			1.1295		
Mid			Mid   Bid-Ask		Mid			Mid		
Unknown			CBA pricing mode		Unknown			Unknown		
-42			% AUD		94%			52%		
-17,882,674			AUD		-40,312,661			22,429,987		
-41			% AUD		96			55		
-17,416,032			AUD		-40,834,513			23,418,482		
273			NZD pips		367%			94%		
			Premium (NZD pips)		NZD pips			NZD pips		

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Please feel free to call me to discuss the above ideas/trades, or if you are interested in tech views on other markets.

**NB: This report is a product of the sales desk. Not a product of the CBA Economics and Currency Strategy Research group.**

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