

## NZDUSD Monday, 2<sup>nd</sup> of March 2015



(1) Just like in AN we are starting with a huge spike in NZD selling. As the price on NU was approaching its long term high, it was a very telling signal. However, NZD longs were still much higher and USD was undecided. Obviously one side had to start losing money on NZD before the picture would become clearer.

(2) The week closed down, below the past 2 bars. It is a very interesting bar: NZD longs are still high, as they are not experiencing any losses while almost half of NZD shorts bailed out, probably happy to close their trades in breakeven. USD started lining up bullish with shorts decreasing and longs increasing.

At this point the bias becoming increasingly bearish for NU. Note that NZD longs reached its past levels but they were still unable to push the price to the new highs. The next week, as the price went further down and closed below the EMA, the bulls who bought since (1) started losing heavily. On contrast, all bears are now in profits.

(2) - (3) During this strong trend most large speculators started catching up in their positions. NZD longs were scaling out on the way down. It is important to remember that the COT data shows only the summary of all Large Speculators. Some of these traders maybe trading the trends lasting a decade and they can afford to exit very late. No matter how low the price will reach there will always be some traders willing to hold buy positions.

USD longs were increasing together with USD shorts for about 6 weeks, but during the last 3 weeks before (3) they had to start accepting their losses, as the price broke down below the yearly pivot and 200 EMA.

(3) - (4) This was a period of a lengthy sideways market moving a little bit down in a channel. The market needed time to absorb the huge trend between (2) and (3). The fact that the price was hardly able to retrace during this correction is very telling and emphasizes the remaining bearish pressure. Note COT data: both long and short positions for NZD and USD stayed virtually the same for the whole period.

(5) All COT stay the same, except USD longs that reached a new long term high. At the same time the weekly bar opened just above the upper channel line, only to close below it. This is a good bearish sign in line with the overall trend during the past half a year. Going to Daily now, note the big bullish bar pinching the recent high and then closing below. That was still a risky signal to sell, but a good SL was available. H4 could possible offer a better entry.

(6) The COT one again aligned bearish for NU (very bullish for USD and increasingly bearish for NZD). The price correct up in February meeting a lot of resistance at the pivot. The trend is still bearish on Weekly and we can start looking for sells when the price breaks below the green EMA on Daily with enough build up. Note blue 100 EMA on H4 where the price stalled this Monday.