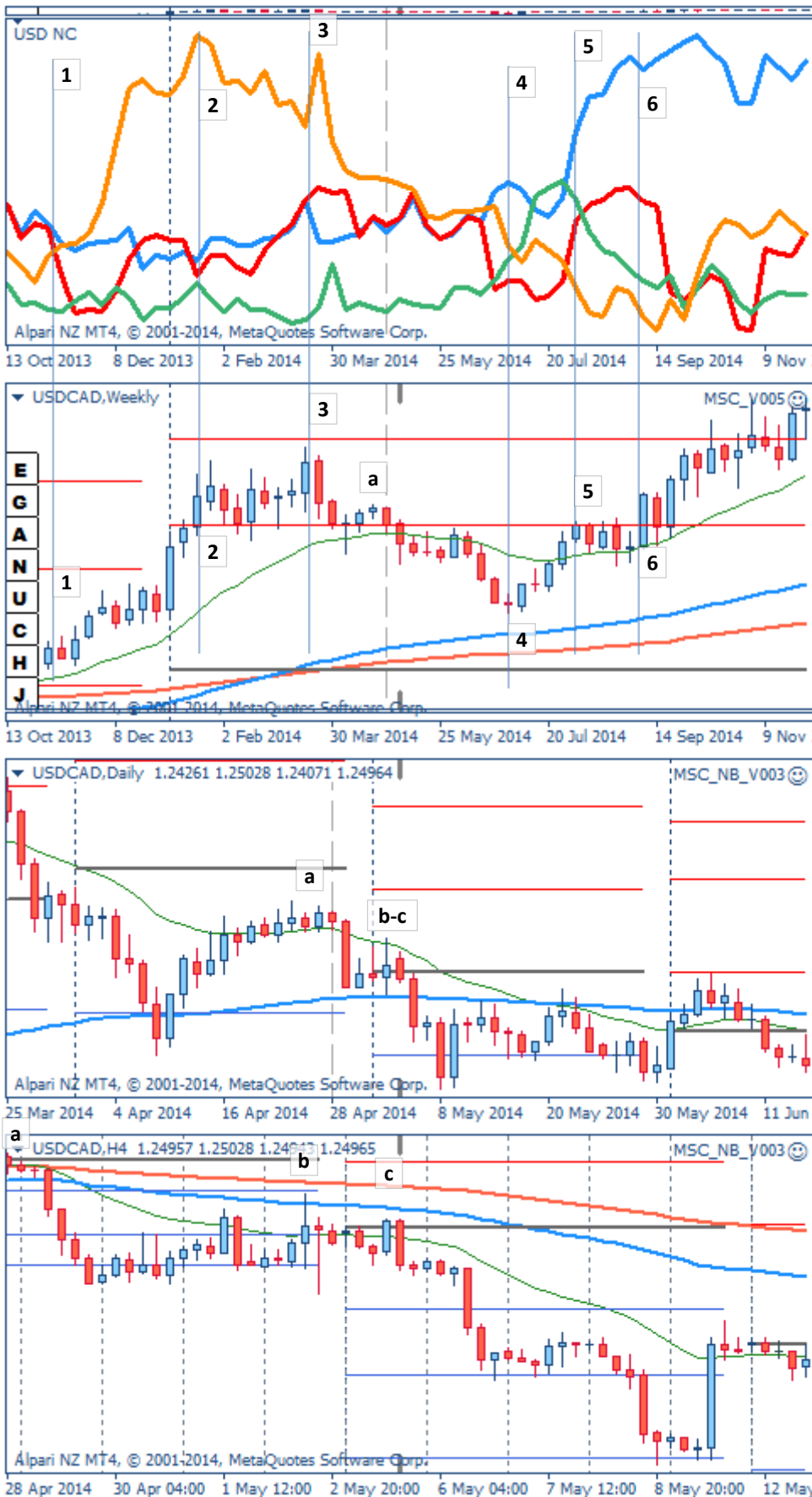


## USDCAD Thursday, 5<sup>th</sup> of March 2015



(1) Looking back into 2013, the pair was already going up, as we can see by the relation between the first bars on the chart and 20 EMA. CAD shorts just starting to rise while CAD longs are stagnant at a lower volume. The next couple weeks showed increasingly bullish bias, as USD shorts were bailing out as well.

(2) CAD shorts reached a new high, the price still trending strongly up. CAD longs are very low and USD is undecided – still bullish bias.

(2)-(3) The price retraced and then struggled to break higher until the bullish bar at (3). The CAD shorts are still strong, retracing somewhat, suggesting that market is shaking off weak participants. We are getting ready for another bullish leg.

One worrying sign for UC bullish though is the fact that USD short have been on the rise as well a couple past weeks. USD longs were also rising, cancelling the shorts out.

(3) The bullish bar at (3) broke above the previous high, but the bears managed to push it back and it closed at the high. We are still expecting continuation.

The next bar is crucial for a couple reasons. It cancelled the previous bullish price action completely but more importantly we can see the CAD bears pressing on, greatly increasing their volumes that week and still unable to hold the price. We now know that a lot of big players are trapped in losing positions and will have to bail out, pushing the market even lower.

Note the decrease in USD Long volume, along with increase in USD Shorts. In this battle USD bears were clearly winning.

(3-a) The price has bounced from the 20 EMA and yearly R1 level, resulting in a correction. Looking closer on Daily, we can see the bars getting smaller as the price raises. Finally the price stalled on 20 EMA on Daily for 8 days before breaking down in a strong bearish bar. As it is a break along with the weekly bias, we can look for some trades.

(3-b, 3-c) The price corrected back to 20 EMA on Daily. Looking on H4 we can see 2 signs of increasing bearish pressure. At (b) the bulls tried to push above the recent high a day before but were rejected. At (c) the bulls tried to break back above Weekly pivot, only to have all their efforts cancelled the next bar. Both good entry setups.

(4) Back on W1, the premise is changing again, as USD longs went above USD shorts and the week after (4) closed strongly bullish. Note that CAD longs also went up, ultimately resulting in two currencies pushing UC in different directions.

(5) CAD longs started to bail out, clearly in losses. USD Shorts went higher, once again, not allowing UC to have a clear bullish bias. The price became squeezed between 20 EMA and R1.

(6) The price broke up, USD shorts bailing out, CAD longs are almost gone. Now we have a clear bullish bias. The next bar corrected to R1, allowing us to look for buys.