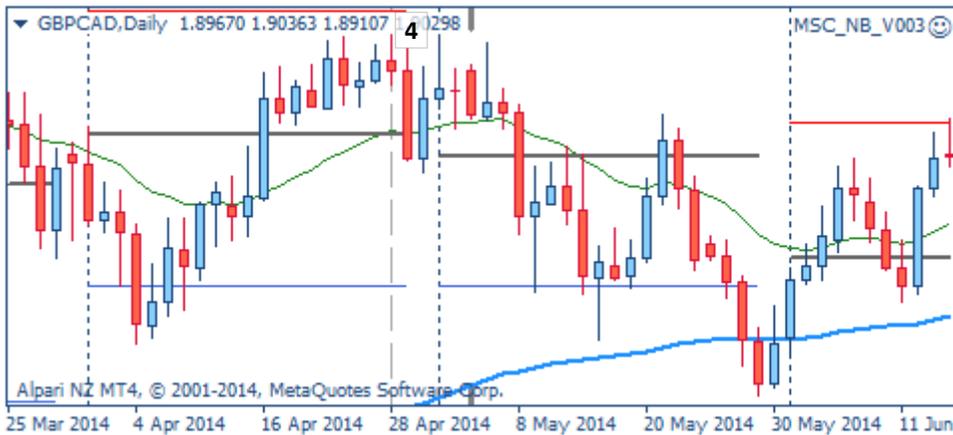
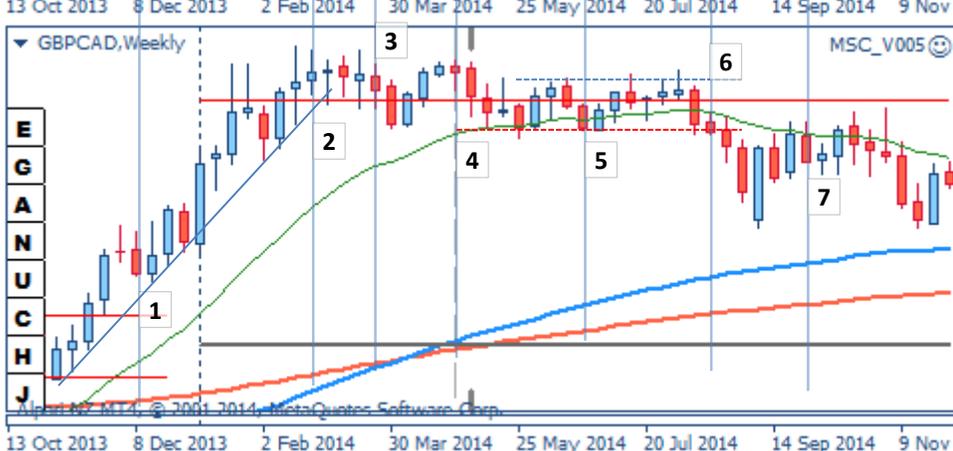
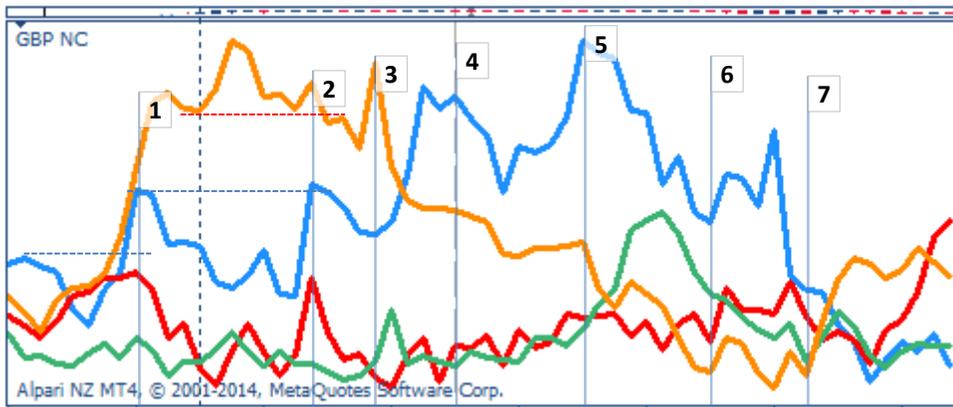


GBPCAD Thursday, 5th of March 2015



(1) The trend was already going up, pushed by CAD selling, and started to retrace a bit. We ignore any selling against bias, so this was an opportunity to look for buys. An important signal is that GBP longs now joined bullish pressure on GC as well, breaking the previous level (dotted blue line on COT chart).

(2) The price action has slowed down as the price reached 2014 R1 resistance. Just before **(2)** the price retraced to the TL, providing another buying opportunity. CAD shorts reduced by did not break the previous level (red dotted line). GBP longs reached a new high. Our premise is still bullish, but seeing that many large traders committed themselves to the long side, we need to see the price confirming the direction and breaking to the new highs.

(3) GBP longs somewhat reduced but CAD shorts reached much higher. The price went down but was rejected from the R1. The important bar is the next, when the price broke the support down and we saw CAD shorts bailing out. Unlike EC or UC, however, GBP was still pushing the pair up, providing that we have to be cautious trading in the new direction without confirmation.

(4) The price reached back above R1, CAD shorts reduced further, but now GBP longs greatly increased. The bias is no longer bullish but it is neither bearish, as GBP and CAD traders are pushing this cross in different direction.

As we saw later, the trading pair started in a prolonged sideways market from **(4)** to **(6)**.

(5) GBP longs reaching new highs while the price is testing 20 EMA and previous low. A possible aggressive entry for contrarian traders, but very risky. Not worth it.

(6) We saw CAD longs increase and fall back down between **(5)** and **(6)**, while CAD shorts decreased even further. After GBP failed to push the price further up, their longs also decreased considerably. At **(6)** we came to test the previous low support once again – this time breaking 20 EMA first. The bias is slightly bearish, but as the bulls failed to push the price any higher on multiple occasions (there were 4 rejected bullish weeks between **(4)** and **(6)**), an aggressive sell breakout entry is not inconceivable.

(7) All large market participants greatly reduced their volumes now with both GBP and CAD being about net zero. We can hardly expect anything from this cross pair at that point.

1.84145
1.83545
1.82930
1.82315