

AUDUSD

AUDUSD: Exceeds bullish expectations

The unexpected gains in the AUDUSD started to mount in the middle of Q1 when the Aussie sprung above 0.71, breaking away from the clear downtrend since the breach from the major support in 2015. There are expectations that the currency pair's appreciation will continue into Q2, with the speed of the gains potentially increasing deep into 2016.

One of the reasons for this is that the Aussie is positively correlated with Gold, which has entered a bull market and experienced an incredible bullish run in Q1. Another reason for the Aussie appreciation was the current expectations for the Reserve Bank of Australia to maintain a stable interest environment with rates at 2%, as GDP stabilizes into Q2. Australia has held solid ground in Q1 despite holding a direct trading relationship with China which exposed the economy to major downside risks.

As we enter into Q2 the AUDUSD may be expected to appreciate further with 0.80 looking like a live possibility as ongoing Dollar weakness ensures that the currency pair remains buoyed while the appreciation in the commodity markets is a positive for the mining sector. This pair may be turning fundamentally bullish and more gains may be expected, as the unexpected relationship of risk aversion which boosts appetite for the safe-haven Gold empowers Australia's economy and the Aussie bulls.

The AUDUSD has experienced an incredible bull run which has broken the weekly bearish channel and currently tests the monthly bear channel. The daily timeframe is bullish as there have been consistently higher highs and higher lows, while the stochastics suggest that there is still more upwards momentum left. As of now the 0.7600 has provided some headwinds for bulls to progress towards 0.7850, but as long as prices can keep above 0.7400, then bulls will have no problem conquering this stubborn resistance. Multiple time frame analysis (MTFA) suggests that prices may use the previous 0.7400 resistance as a dynamic support on the daily timeframe, which should encourage a breakout above the defensive 0.7600.

AUDUSD Daily



AUDUSD Weekly



Once bulls find comfort above 0.7600, this should provide a ticket to venture towards 0.8100 and if the level is breached then the AUDUSD officially turns bullish on the monthly timeframe because a previous lower high was conquered.

AUDUSD Monthly



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