

**CCY CORNER: GBPUSD Divergence, Sentiments Volume  
A Cipher3 Applied Analysis & a Combination of a Counter-trade Strategy**

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The near term weakness in the USD after softening reports on the US economy have finally given long remaining short-sellers on the Pound to cover positions. As Cable prices have started to recover from its lower levels, speculative sentiments contrary to price and volume have lagged behind when last week's volume slightly measured above its moving average volumes of transaction.

**CABLE As of April 16 to 27, 2015**



Speculative sentiments have fallen to negative territory while prices have recovered simply based from the Hawkish BoE minutes directing a favorable reaction for Cable prices to move to its current levels @1.5180 which also serves as the initial point of daily price resistance on the Asian session before another push higher could take place.

Meanwhile, a visible divergence has occurred when prices reached its lowest level @1.4565. Momentum and volumes relatively were lower and unconvincing gradual buildup of prices from short-covering have supported the recent move on the Pound. Asian trading opening were mildly soft across the board and have remained within the day's range.

However, a further increase in market would continue to prevail for Cable, as prices would still swing higher with some session pullbacks to come with it. For as long as the US Dollar would continue its corrective move; the tech perspective on GBPUSD would be a continued V formation that would signify a positive tone moving forward, especially if no considerable **change in direction with its corresponding EURGBP Cross rate (refer to chart page 2)** would be made. This divergence would affect the EURUSD and the AUDUSD more effectively as the US Dollar declines.

Watch for the reaction to the succeeding reports on the US GDP's, the FOMC rate decision and the US ISM figure which will give a clear direction thereafter.

**This C3 Analysis between the USD, EURO and CABLE would still be in effect for as long as the USD (DXY) continues its decline and below its 98.10/40 market level moving forward for the month. Refer to the sequence of trade listed below for a complete signal analysis & review before prices moved.**

Reference Trade: [DXY, DOW, EURUSD & GBPUSD as of April 15, 2015](#)

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Euro is generally lower as profit taking by traders turned cautious ahead of an eventful week. News from Eurozone was generally positive but provided no inspiration to the common currency. Awaiting the UK general elections; Cable's pullback likewise from profit-taking was a cautious move before the elections on the weekend.



The EURGBP cross rate reaction to the decline of the Pound came as a result of the UK GDP negative report and outside positioning longs on the way lower and bidding the EURGBP higher above the 0.7380 levels nearest to its trendline resistance.



The importance of following a sequence of trade analysis even after a trade settlement does not stop as we have always emphasized, The series of mix reports resulting to price swings in both directions for the US Dollar, CABLE and the EURO have been anticipated.

For several reasons other than the US GDP & FOMC minutes, UK GDP, ISM figures that led to a relief recovery for the US Dollar at the closing week of May 1: which happens to be also the first trading day of the new month. An over-lapping trading case scenario more often neglected and disregarded for its value & significant importance by some analysts, traders and investors for that matter.

Cable's pullback down to its current levels @1.5130 would extend further to the 1.5080 lower range while the US Dollar carry over on positive ISM sentiments continue. Positioning a EURGBP Cross / Counter trade strategy @0.7115 (DC-Low) and 0.7222 (Mid-price) would protect the gains made from Cable's earlier position. Thus, it absorbs the gains of a pullback from Cable's high price levels @1.5385/00 which serves as the first line of defense / resistance. Notice: that all three currency pairs are in the same direction prior to the net change direction of Cable after the news.