

Treasury Sales Team

Edit Tarsoly Kovácsné
+36 1 288 7541
TarsolyE@otpbank.hu

Zsombor Zölde
+36 1 288 7572
ZoldeZs@otpbank.hu

Márton Meichl
+36 1 288 7543
MeichIM@otpbank.hu

János Mladoniczki
+36 1 288 7551
MladoniczkiJ@otpbank.hu

Attila Torma
+36 1 288 7544
TormaA@otpbank.hu

Szilvia Lovas
+36 1 288 7545
LovasSz@otpbank.hu

Ákos Fekete
+36 1 288 7553
FeketeAko@otpbank.hu

Frigyes Soós
+36 1 288 7571
SoosF@otpbank.hu

Gábor Pozsgai
+36 1 288 7554
PozsgaiG@otpbank.hu

Ádám Turai
+36 1 288 7546
TuraiA@otpbank.hu

Attila Keresztyén
+36 1 288 7552
KeresztyenA@otpbank.hu

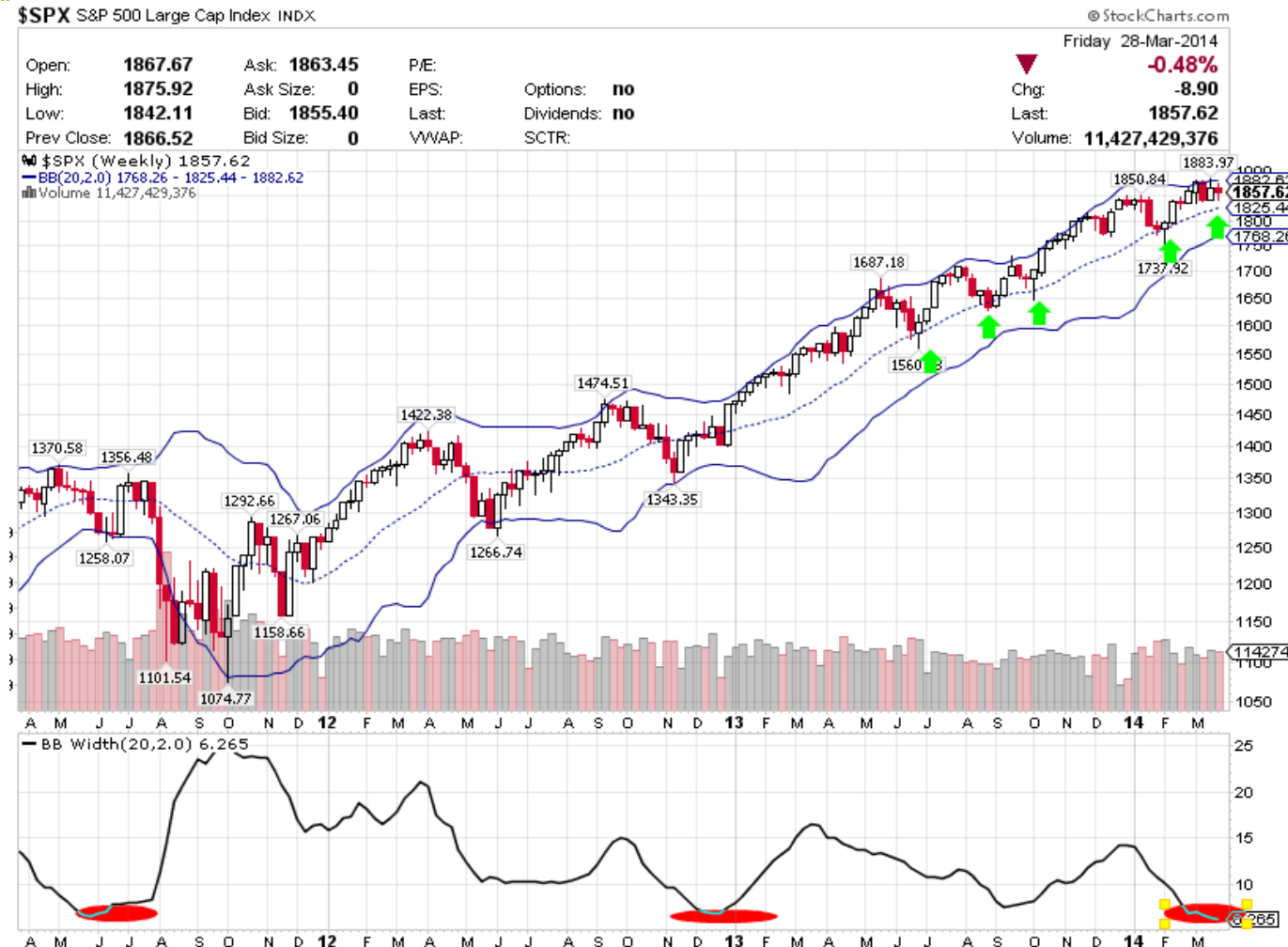
Global Technical Weekly Report

31 March 2014



S&P500, Weekly

Sources: Reuters; Portfolió-Markers; Stockcharts.com



Primary Support: 1,825
Secondary Support: 1,765

Primary Resistance: 1,885
Secondary Resistance: 1,900

Uptrend

It has been consolidating in the last six weeks

For 2014, the performance is flat after Q1

What I wanted to point out is that although the 20-week MA has been great support since early 2013, in a 'normal' environment price can easily break below it before the trend continues its way — do not think about it as some kind of magical level

The Bollinger band got even more pinched in; the beginning of a trending move could be just around the corner

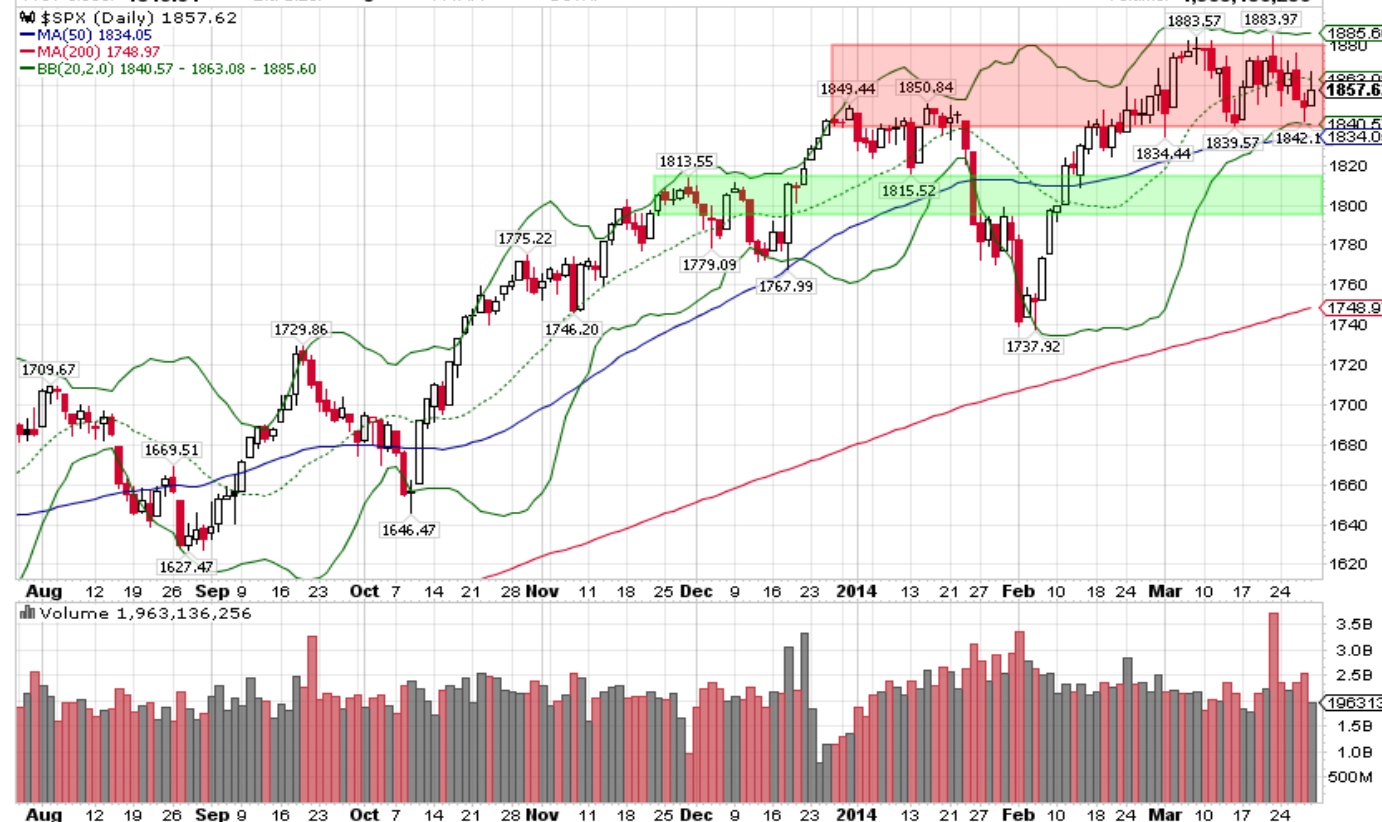
S&P500, Daily

Sources: Reuters; Portfoliö-Markers, Stockcharts.com

\$SPX S&P 500 Large Cap Index INDX

Open: **1850.07** Ask: **1863.45** P/E:
 High: **1866.63** Ask Size: **0** EPS: Options: **no**
 Low: **1850.07** Bid: **1855.40** Last: Dividends: **no**
 Prev Close: **1849.04** Bid Size: **0** VWAP: SCTR:

© StockCharts.com
 Friday 28-Mar-2014
 ▲ Chg: **+0.46%**
 Last: **1857.62**
 Volume: **1,963,136,256**



Primary Support: 1,840
Secondary Support: 1,815

Primary Resistance: 1,870
Secondary Resistance: 1,885

Range

It still trades in the 1,840-1,880 range

This way it shows relative strength when compared to other US indices, this could be caused by the higher weight of the energy sector in this broad index

Some kind of catalyst is needed to push price out from this range

Although the weekly trend points higher, the fact that small caps and tech indices (which are much better leaders) already broke lower from their ranges is a yellow light

RUSSELL2000, Daily

Sources: Reuters; Portfolió-Markers, Stockcharts.com

\$RUT Russell 2000 Small Cap Index INDX

| | | | |
|----------------------------|-----------|-------|----------------------|
| Open: 1151.96 | Ask: | P/E: | |
| High: 1167.52 | Ask Size: | EPS: | Options: no |
| Low: 1149.61 | Bid: | Last: | Dividends: no |
| Prev Close: 1151.44 | Bid Size: | VWAP: | SCTR: |

© StockCharts.com

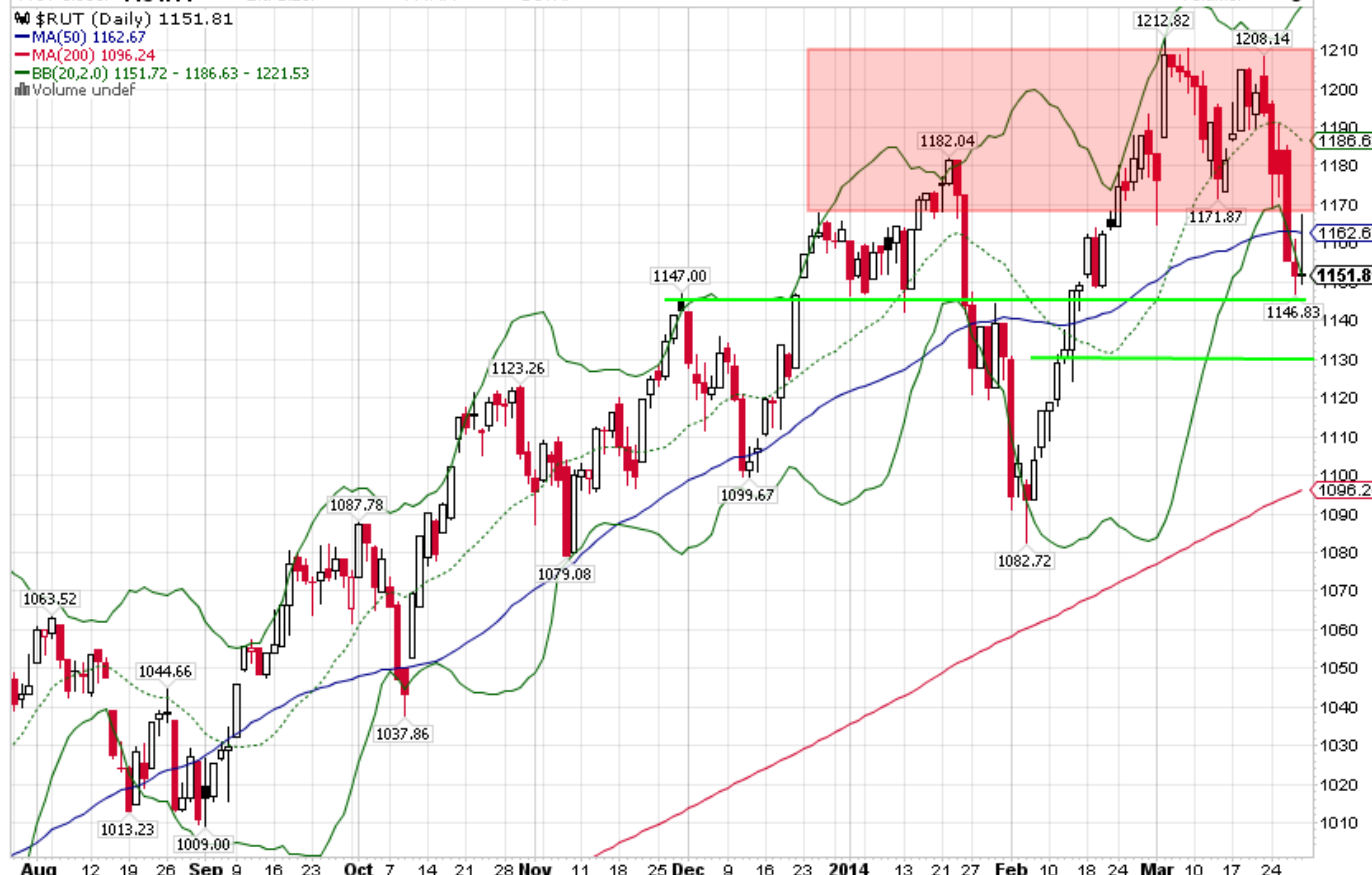
Friday 28-Mar-2014

▲ **+0.03%**

Chg: **+0.37**

Last: **1151.81**

Volume: **0**



Primary Support: 1,145
Secondary Support: 1,130

Primary Resistance: 1,175
Secondary Resistance: 1,180

Neutral

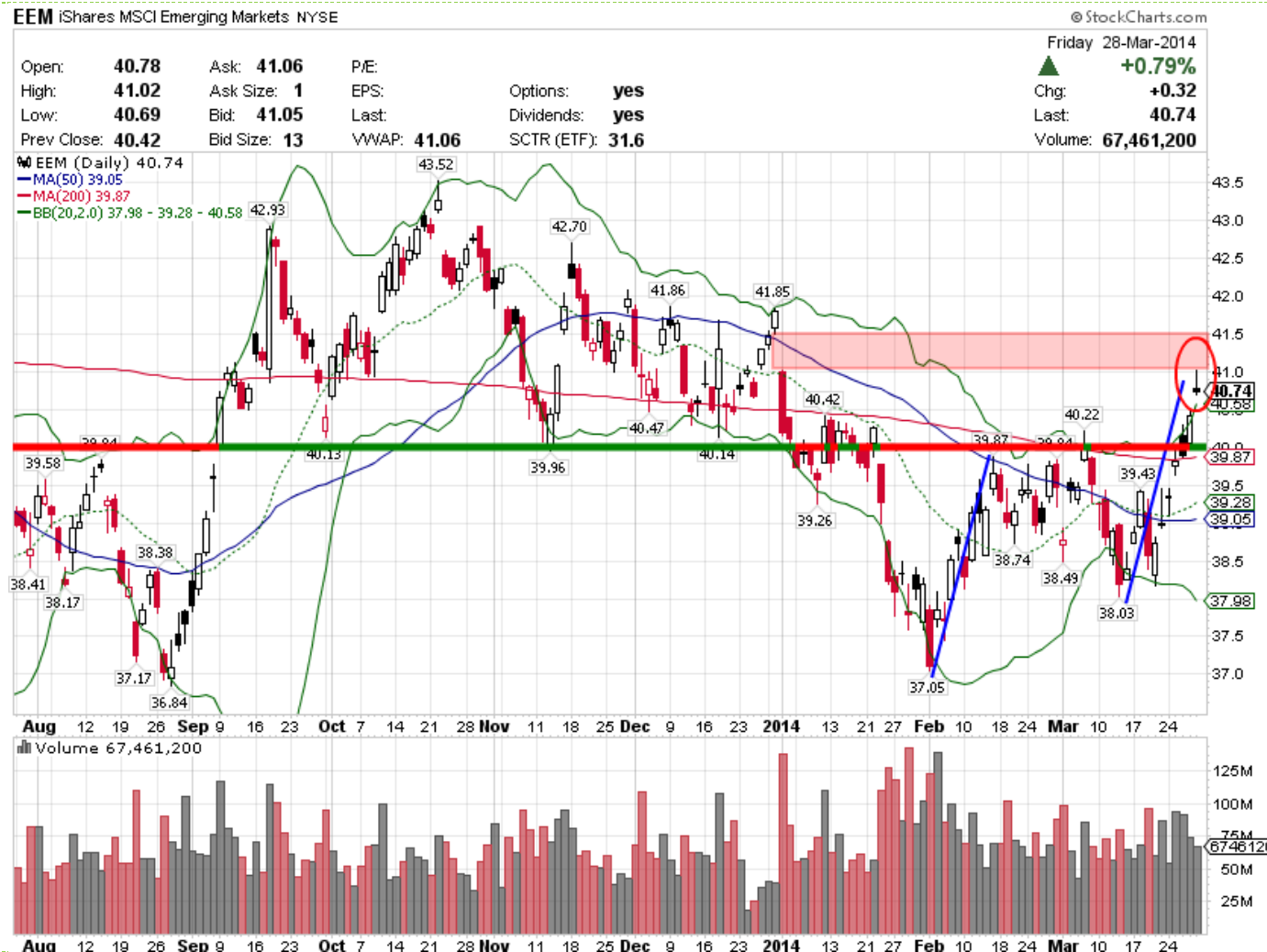
No exposure to big energy or more defensive names, thus this one is much weaker

The drop we saw last week does not look like a broad panicky selloff when everything gets hit hard; it looks more like rotation out from prior high-beta leaders and into more defensive areas

On Friday, buyers stepped in initially, but sellers defended the 50-day MA and the breakdown level easily, this way there is not any clear bullish signal

EEM (emerging markets etf), Daily

Sources: Reuters; Portfolió-Markers, Stockcharts.com



Primary Support: 40
Secondary Support: 39

Primary Resistance: 41
Secondary Resistance: 42

Range

A two-waved move higher arrived at its target (found around 41)

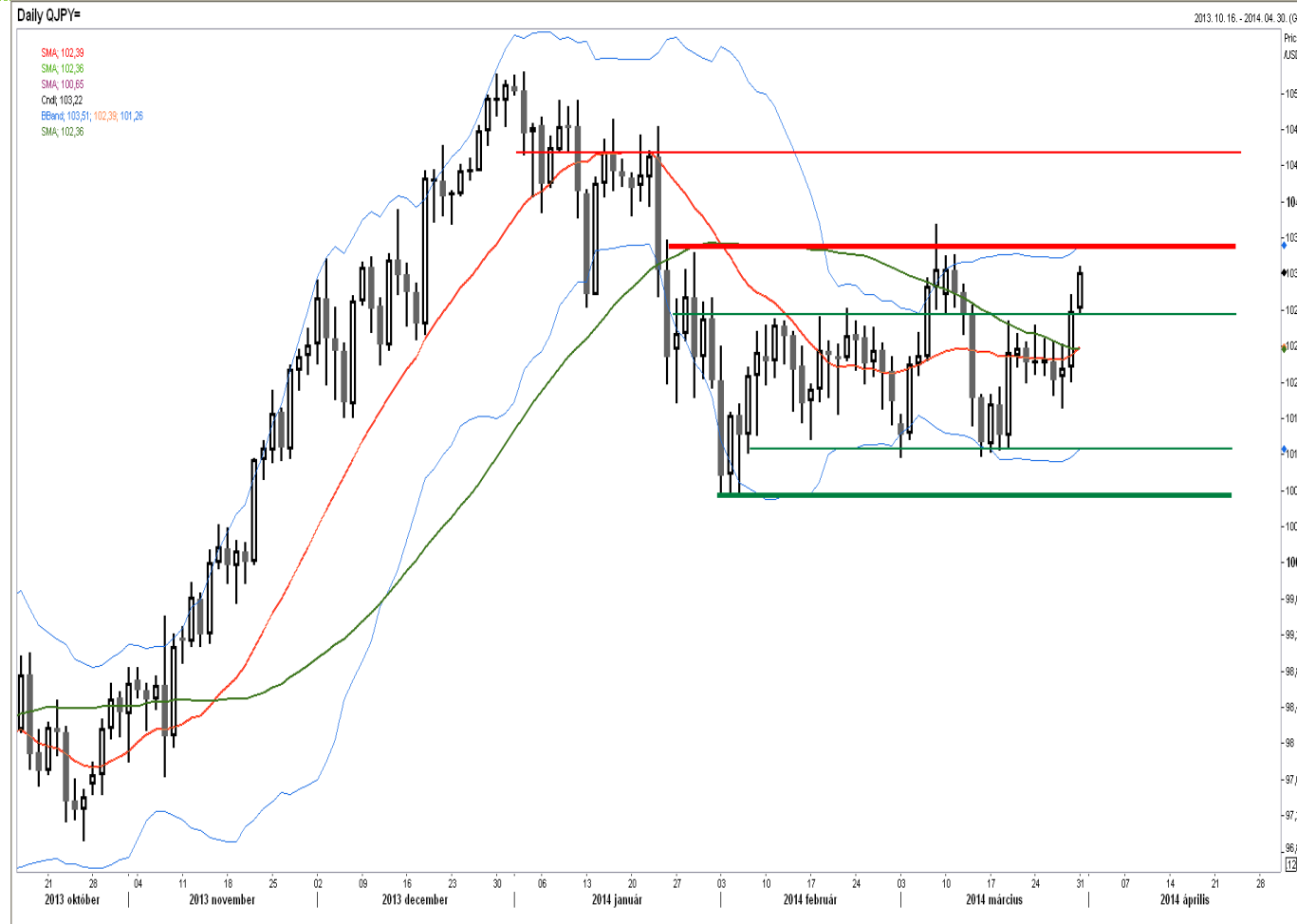
It was really interesting to see that while US equities sold off last week, emerging ones caught a strong bid

It got overbought on Friday and formed a small reversal hammer candle

If this signal gets confirmed (in form of a break and close below Friday's low at 40.65), a corrective move lower could begin

USD/JPY, Daily

Sources: Reuters; Portfolió-Markers, Stockcharts.com



Primary Support: 102.75
Secondary Support: 102

Primary Resistance: 103.50
Secondary Resistance: 104.50

Range

Recall from previous reports that the weekly range is found between 100.75 and 103.50

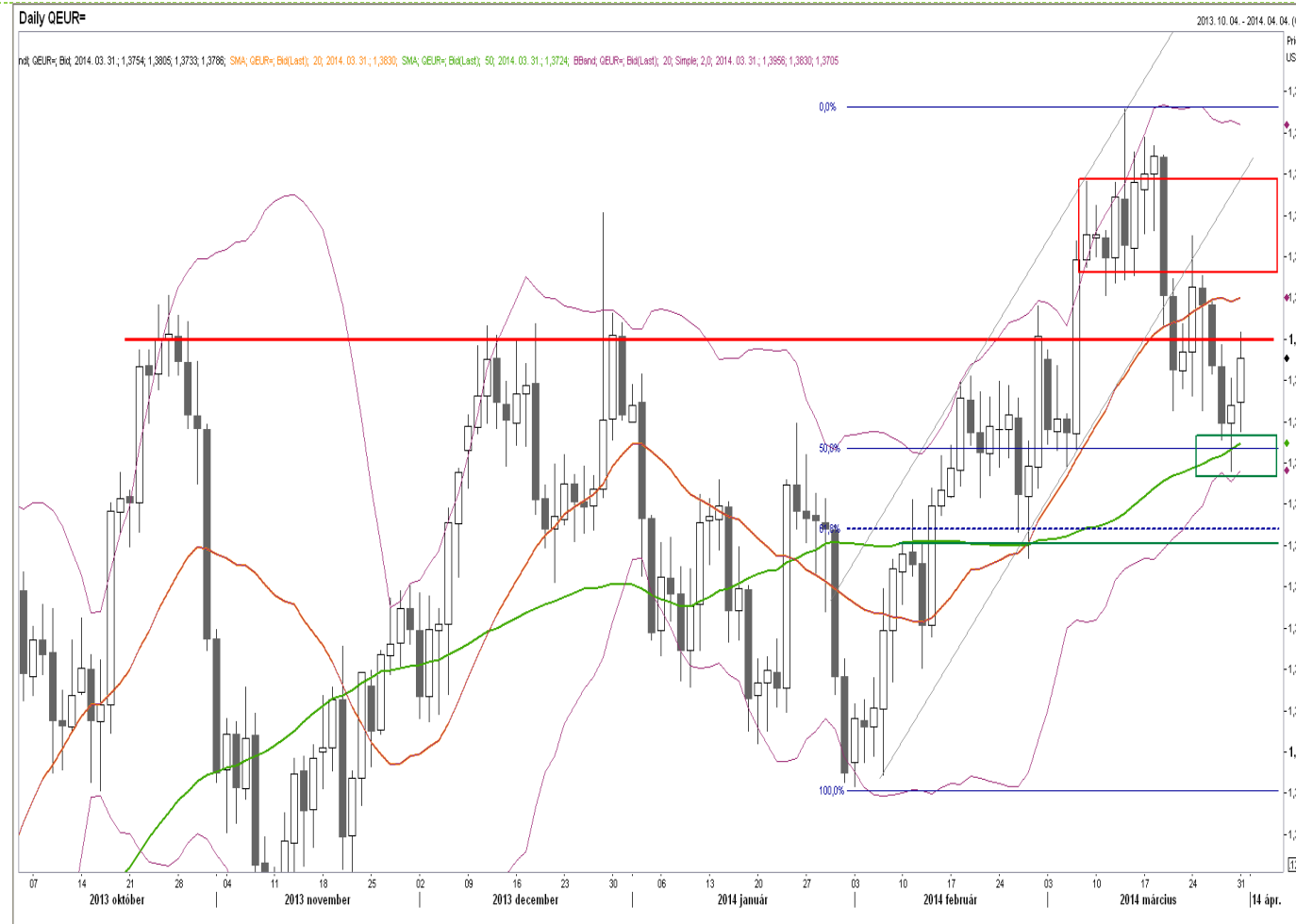
One of the important levels inside this bracket is at 102.75

A break above that (which happened last Friday), signals a move to 103.50

Above the bracket, the next overhead resistance is found at 104.50

EUR/USD, Daily

Sources: Reuters; Portfolió-Markers, Stockcharts.com



Primary Support: 1.3700
Secondary Support: 1.3650

Primary Resistance: 1.38
Secondary Resistance: 1.3850

Range

The 1.37-1.3725 support area held and the cross formed a reversal hammer-like candle there

If this gets confirmed (in form of the spot trading above Friday's high at 1.3775), an upwave could begin...

...although upside is limited, due to resistances found at 1.38 round number and at the 1.3850 recent breakout level

AUD/USD, Daily

Sources: Reuters; Portfolió-Markers, Stockcharts.com



Primary Support: 0.9150
Secondary Support: 0.9080

Primary Resistance: 0.93
Secondary Resistance: 0.94

Uptrend

It triggered the long entry highlighted in the last report (reversed head and shoulders pattern)

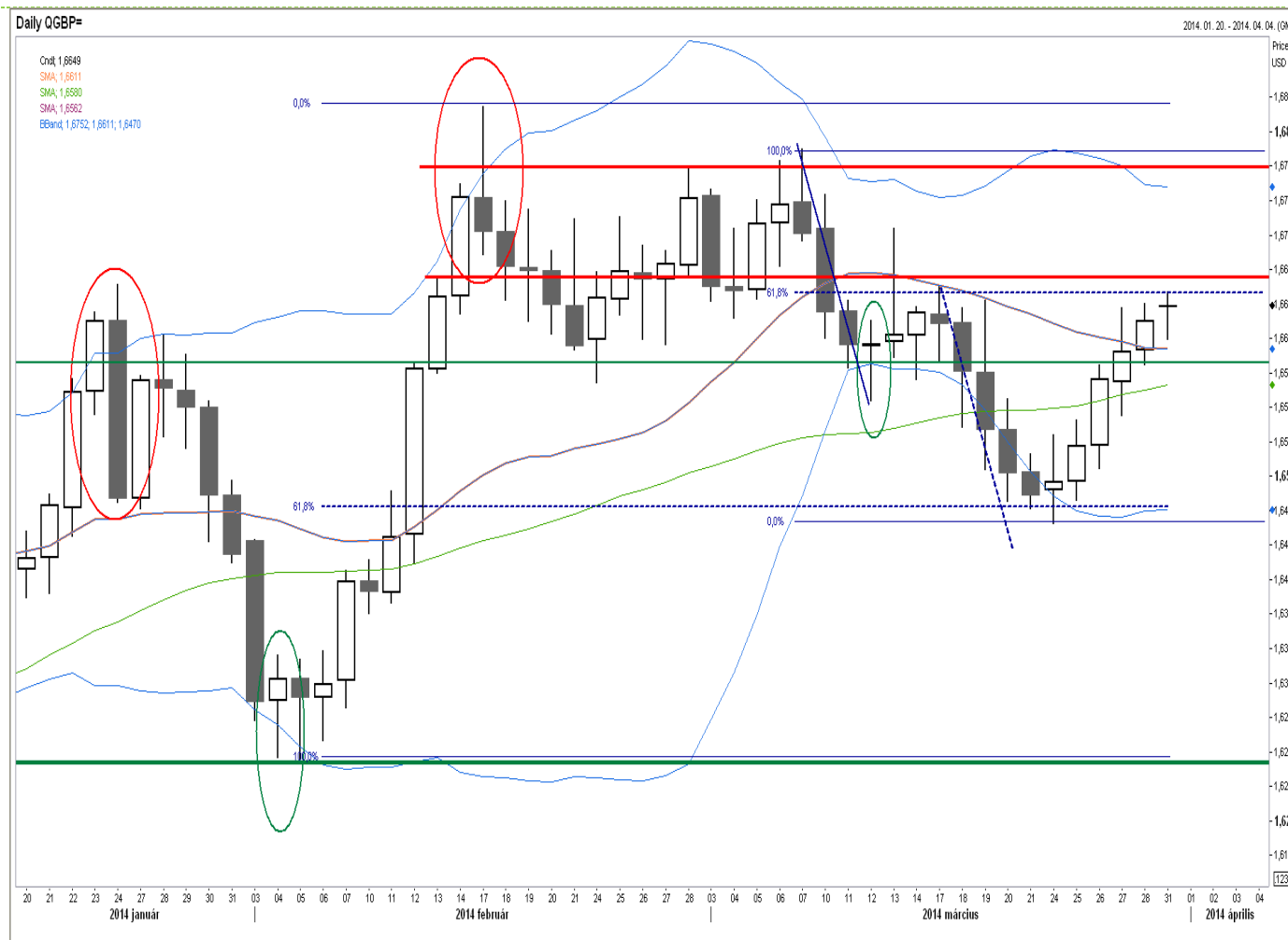
The target of the pattern is around 0.95, but there is resistance found at 0.93 as well

It formed a small reversal hammer candle there on Friday; if it trades below the low of the reversal candle (0.9230) at the NY close, a corrective move lower could follow

In case this corrective move is weaker and slower than the recent advance, a bull flag will emerge

GBP/USD, Daily

Sources: Reuters; Portfolió-Markets, Stockcharts.com



Neutral

I was looking for some kind of corrective advance from the 1.6450 area, but I was not expecting the cross to erase the recent drop completely

There is resistance found around 1.6675; if the advance slows down and just chops around below this resistance, a reversed head and shoulders pattern will emerge

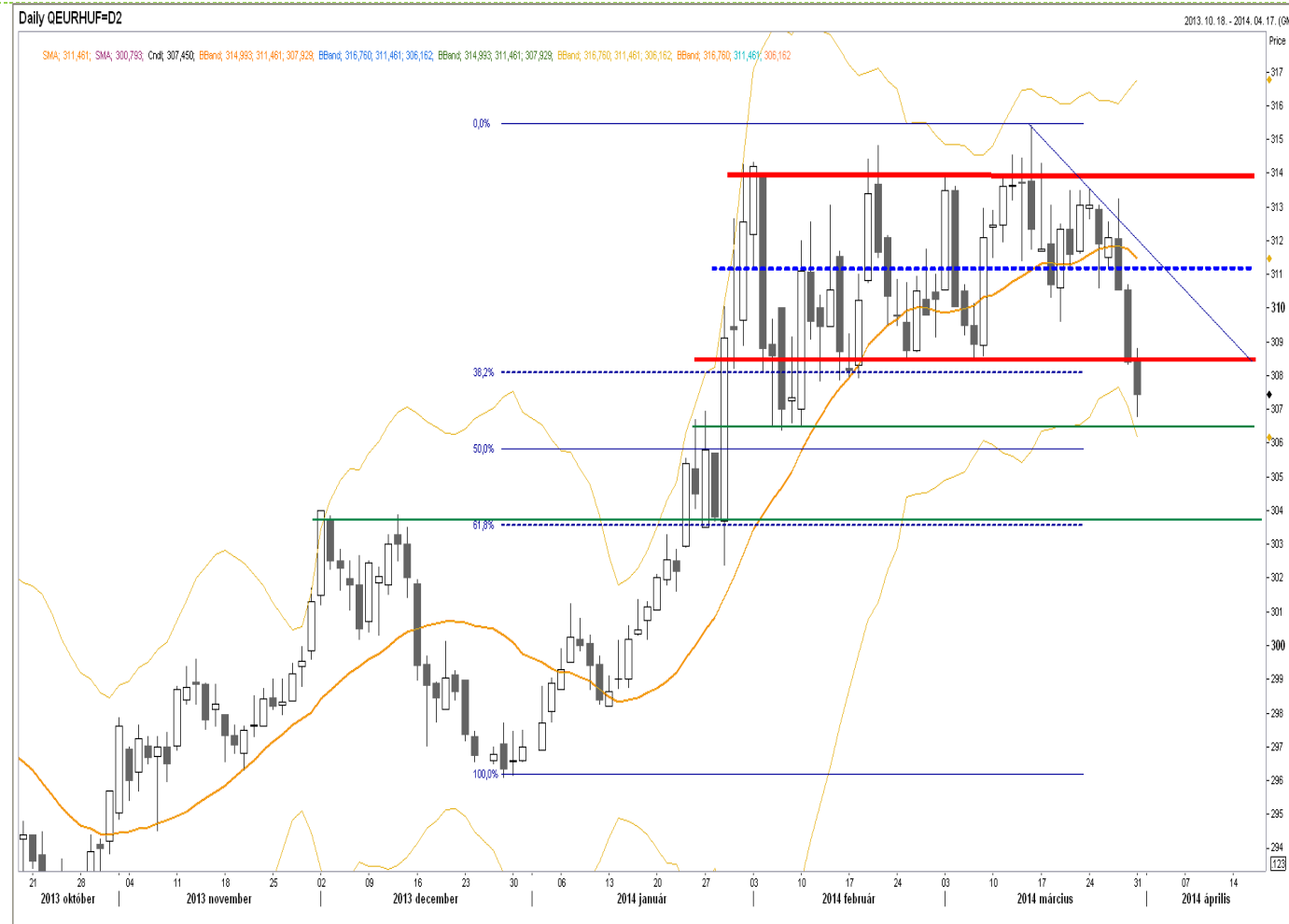
Currently I am on the sidelines, monitoring price action around 1.6675

Primary Support: 1.66
Secondary Support: 1.6525

Primary Resistance: 1.6675
Secondary Resistance: 1.6765

EUR/HUF, Daily

Sources: Reuters; Portfolió-Markets, Stockcharts.com



Neutral

This one just breaks down from the 308.50-314 range

A breakdown target can be calculated by subtracting the width of the range from the bottom; this points at 303

Above that, I see support around 306.50

A failed breakdown would be indicated by a move above 309

**Primary Support: 306.50
Secondary Support: 303.50**

**Primary Resistance: 309
Secondary Resistance: 311**

Wrapping it up

The performance of US equity indices is about flat at the end of the first quarter of 2014. Although they are all mainly flat and are in weekly uptrends, their daily charts paint different pictures. In the past two weeks, prior leaders like high-beta small caps, as well as tech and biotech names got hit really hard on expanding volume. This way the **NASDAQ** and **RUSSELL2000** are both below their 20 and 50-day MAs, while the **SPX** and the **INDU** are showing relative strength.

This could be caused by the heavier weight of the energy sector, which was able to break out to new highs last week. Speaking of pockets of strength, besides energy stocks some traditional big tech names are performing well (**MSFT**, **IBM**). This could be caused by fund managers who are not able to park a lot of money in cash, trying to invest in these more defensive areas.

Last week's most important development was the outperformance of emerging assets. Since the heavy volume reversal candle formed on 21 March in the **SPX** (which was highlighted in the previous report as a short idea) US equities moved lower, while emerging ones shot higher. I am following emerging equities using the **EEM** etf; it got overbought on Friday and formed a reversal hammer candle. If the confirmation of this candlestick pattern is only followed by a slower-paced pullback, another leg higher could follow in the context of the weekly range found roughly between 35 and 45 in EEM.

Moving to FOREX, the **USD/JPY** has been trading in the weekly 100.75-103.50 balance area for the past two months (recall this range from previous reports). Inside this weekly range, the two important levels were found at 101.25 and 102.75. The cross broke above the latter one on Friday, this way the upper boundary of the weekly range could be reached. If buyers are strong enough to push the price above the top of the weekly range, I see the next resistance at 104.50.

The **EUR/USD** tested the 1.37-1.3725 daily support zone last week. It formed a small hammer-like candle on Friday. If this candle gets confirmed (if the cross trades above the hammer's high at 1.3725 after the NY session), a move higher could follow. I see overhead resistances at round number 1.38 and at the bottom of the prior 1.3850-1.3925 range.

The daily **AUD/USD** broke higher from the reversed head and shoulders pattern highlighted in previous reports. Initially I was looking for the 0.9075 level as the neckline of the pattern, but in my last report I rounded that up to 0.9150 (due to the numerous failed breaks higher). Last Tuesday the cross triggered the long entry and moved to the 0.93 resistance. It got somewhat overbought and formed a reversal hammer candle at this resistance. If the hammer gets confirmed (daily close below the low of the hammer at 0.9234), a corrective move lower could follow. If this move lower is slower and weaker than the move higher from the 0.90 low, a flag-like pattern will emerge and the cross could try to break above 0.93, targeting the measured move of the head and shoulders pattern pointing at 0.95.

I missed the move higher in **cable** last week. I was expecting some kind of corrective move after the second leg lower arrived at its 1.6450 target zone, but I was not expecting it to erase the drop completely. Now I am on the sidelines, waiting for a clear signal/pattern to emerge. There is resistance slightly above current levels (around 1.6675), thus I am looking either for hugging action here or for the formation of any reversal candles. Note that a slower-paced corrective move lower would lead to the formation of a reversed head and shoulders pattern.

Longs were not able to halt the decline of the **EUR/HUF** and it tries to break lower from the 308.50-314 daily range. If responsive buyers do not push the price back into its recent range, the measured move target could be calculated by subtracting the width of the range from the bottom pointing at 303. Above that level, I see support in the 306-306.50 zone, while the bottom of the recent range should already serve as resistance.

Technical Analyst

András Salamon
salamona@otpbank.hu
+36 1 374 7225

Chief Economist

Gergely Tardos
tardosg@otpbank.hu
+36 1 374 7273

Disclaimer

OTP Bank Plc (in Hungarian: OTP Bank Nyrt.) (“OTP Bank”) does not intend to present this document as an objective or independent explanation of the matters contained therein. This document (a) has not been prepared in accordance with legal requirements designed to promote the independence of investment research, and (b) is not subject to any prohibition on dealing ahead of the dissemination of investment research. OTP Bank may hold a position or act as market maker in the financial instrument of any issuer discussed herein or act as advisor or lender to such issuer.

Although the information in this document has been prepared in good faith from sources, which OTP Bank reasonably believes to be reliable, we do not represent or warrant its accuracy and such information may be incomplete or condensed. Opinions and estimates constitute our judgment only and are subject to change without notice.

This communication does not contain a comprehensive analysis of the described issues. This material is for informational purposes only. This document is not intended to provide the basis for any evaluation of the financial instruments discussed herein. In particular, information in this document regarding any issue of new financial instruments should be regarded as indicative, preliminary and for illustrative purposes only, and evaluation of any such financial instruments is made solely on the basis of information contained in the relevant offering circular and pricing supplement when available. OTP Bank does not act as a fiduciary for or an advisor to any prospective purchaser of the financial instruments discussed herein and is not responsible for determining the legality or suitability of an investment in the financial instruments by any prospective purchaser. This communication is not intended as investment advice, an offer or solicitation for the purchase or sale of any financial instrument, and it does not constitute legal, tax or accounting advice.

Information herein reflects the market situation at the time of writing. It provides only momentary information and may change as market conditions and circumstances develop. Additional information may be available on request. Where a figure relates to a period on or before the date of communication, the figure relates to the past and indicates a historic data. Past performance is not a reliable indicator of future results and shall be not treated as such. OTP Bank makes no representation or warranty, express or implied, is made regarding future performance of any financial instrument mentioned in this communication. OTP Bank shall have no liability for the information contained in this for any loss or damage whether direct, indirect, financial, economic, or consequential, whether or not caused by the negligent act or omission of OTP Bank, provided that such limitation of liability shall not apply to any liability which cannot be excluded or limited under the applicable law.

Before purchasing or selling financial instruments or engaging investment services, please examine the prospectuses, regulations, terms, agreements, notices, fee letters, and any other relevant documents regarding financial instruments or investment services described herein in order to be capable of making a well-advised investment decision. Please also speak to a competent financial adviser for advice on the risks, fees, taxes, potential losses and any other relevant conditions before you make your investment decision regarding financial instruments or investment services described herein. The financial instruments mentioned in this communication may not be suitable for all types of investors. This communication does not take into account the investment objectives, financial situation or specific needs of any specific client. This communication and any of the financial instruments and information contained herein are not intended for the use of private investors in the UK. Any individual decision or investment made based on this publication is made solely at the risk of the client and OTP Bank shall not be held responsible for the success of the investment decisions or for attaining the Client's target.

OTP Bank Plc. (registered seat: Nádor utca 16., Budapest H-1051, Hungary; regulated and authorised by the Hungarian Financial Supervisory Authority (Pénzügyi Szervezetek Állami Felügyelete, H-1013 Budapest, Krisztina krt. 39.) (the “PSZÁF”), with PSZÁF licence numbers: III/41.003-22/2002 and E-III/456/2008. For more information, please refer to the website: <https://www.otpbank.hu/portal/hu/Megtakaritas/Ertekpapir/MIFID>). All rights reserved. The copyright of this publication is exclusively owned by OTP Bank Plc and no part of this material can be reproduced, re-used or disseminated without the prior written consent of OTP Bank Plc. The terms and conditions of this disclaimer shall be governed by and construed in accordance with English law.

If you received this document from OTP Bank Plc, then it was sent to you with your previous consent. You may withdraw this permission by sending an e-mail to research@otpbank.hu or writing a letter addressed to “Research Center”, Hungary 1051, Budapest Nádor utca 21. Please refer to your name and e-mail address in both cases.