

# Global FX Insights

by LMAX Group Research & Analytics

Comprehensive daily market research and analytics, with insightful commentary and charts

## A day of central bank event risk [Wake-up call](#)

Markets have clearly stabilized into Wednesday, though at this stage it's more about taking pause ahead of today's highly anticipated FOMC decision which we will cover in a special report preview.

### Technical highlights [Daily Video](#)

- [EURUSD](#) Propped at key support
- [GBPUSD](#) Outlook favours upside
- [USDJPY](#) Correction kicks in
- [AUDUSD](#) Well supported
- [USDCAD](#) Looking for higher low
- [NZDUSD](#) Rallies to be capped
- [US SPX 500](#) Overdue correction
- [GOLD](#) (spot) Supported on dips

### Fundamental highlights

- [EURUSD](#) Euro soft despite ECB talk
- [GBPUSD](#) Pound boosted on IMF comments
- [USDJPY](#) BOK Kuroda out talking Yen
- [AUDUSD](#) Aussie CPI offset by other data
- [USDCAD](#) BoC decision stands out in Canada
- [NZDUSD](#) Kiwi finds demand on sentiment uptick
- [US SPX 500](#) Stocks vulnerable at record highs
- [GOLD](#) (spot) Dealers report plenty of demand

## 30 Day Performance vs. US dollar (%)



## Suggested reading

- [Meme Investors Learn the Hard Way: The House Always Wins](#), M. Gongloff, **Bloomberg** (January 26, 2022)
- [Why Many Spacs May Be Left Without Deals](#), O. Aliaj, **Financial Times** (January 25, 2022)

## EURUSD - technical overview

**Setbacks have extended to retest the critical 61.8% fib retrace off the 2020 low to 2021 high move.** Technical studies are now turning up from extended territory on the weekly chart, warning of the need for an additional corrective bounce ahead. Look for the market to hold up on a weekly close basis above the 61.8% fib retrace around 1.1275. Weekly close back above 1.1500 strengthens outlook. Weekly close below 1.1275 negates.



- **R2 1.1483** - 15 January high - Strong
- **R1 1.1369** - 20 January high - Medium
- **S1 1.1263** - 25 January low - Medium
- **S2 1.1222** - 15 December low - Strong

## EURUSD - fundamental overview

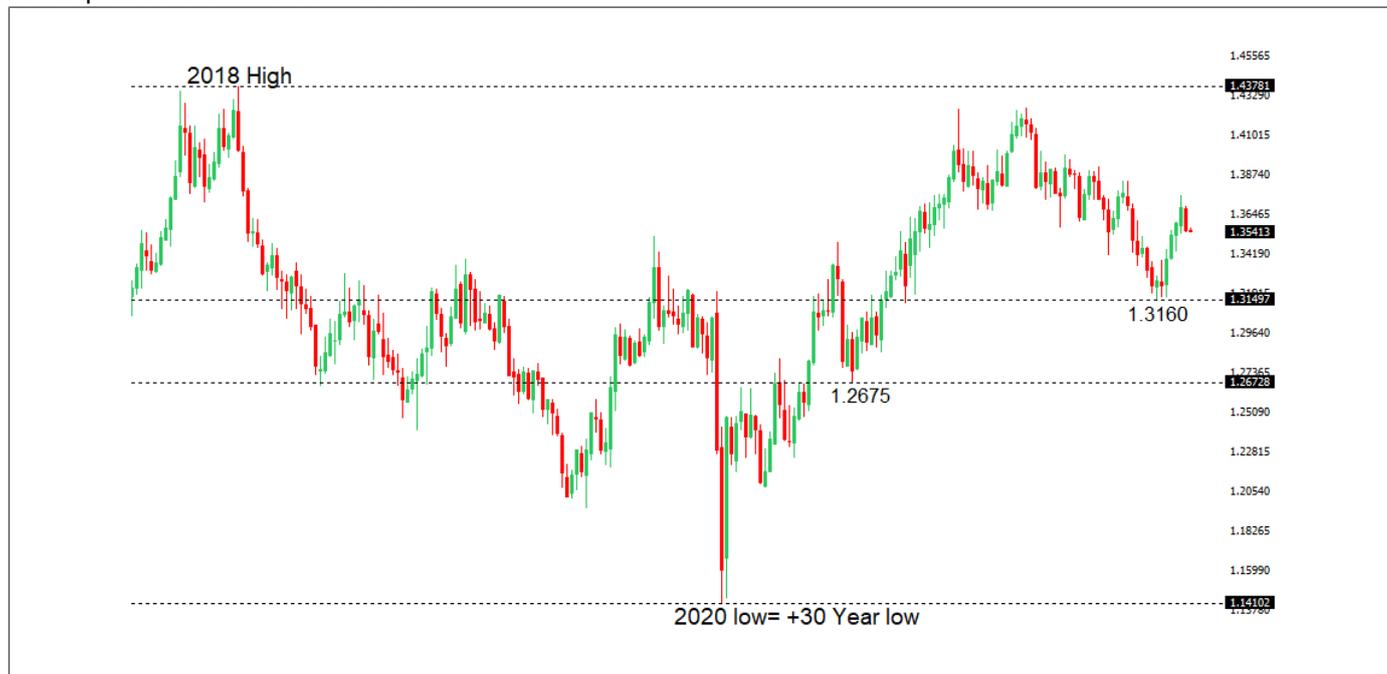
**There wasn't a whole lot that could reconcile** Euro weakness on Tuesday other than broad based US Dollar demand. ECB officials talked about higher inflation and responding to it, Spain produce prices increased by the most since 2000, and German Ifo reads were solid. Key standouts on today's calendar include central bank decisions from the Bank of Canada and Federal Reserve.

## EURUSD - Technical charts in detail

[Watch now](#)

## GBPUSD - technical overview

The market is in a correction phase in the aftermath of the run to fresh multi-month highs in 2021. At this stage, additional setbacks should be limited to the 1.3000 area ahead of the next major upside extension towards a retest and break of critical resistance in the form of the 2018 high. Back above 1.3835 takes pressure off the downside.



- **R2 1.3663** - 20 January high - Strong
- **R1 1.3603** - 21 January high - Medium
- **S1 1.3436** - 25 January low - Medium
- **S2 1.3400** - Figure - Strong

## GBPUSD - fundamental overview

The Pound recovered out from a three week low helped along by IMF comments that it saw the UK outpacing all other G7 peers when it came to 2022 growth outlooks. Key standouts on today's calendar include central bank decisions from the Bank of Canada and Federal Reserve.

[Watch now](#)

# USDJPY - technical overview

The longer-term trend is bearish despite the recent run higher. Look for additional upside to be limited, with scope for a topside failure and bearish resumption back down towards the 100.00 area. It would take a clear break back above 116.00 to negate the outlook.



- **R2 115.48** - 12 January high - Strong
- **R1 115.06** - 18 January high - Medium
- **S1 113.14** - 17 December low - Medium
- **S2 112.53** - 30 November low - Strong

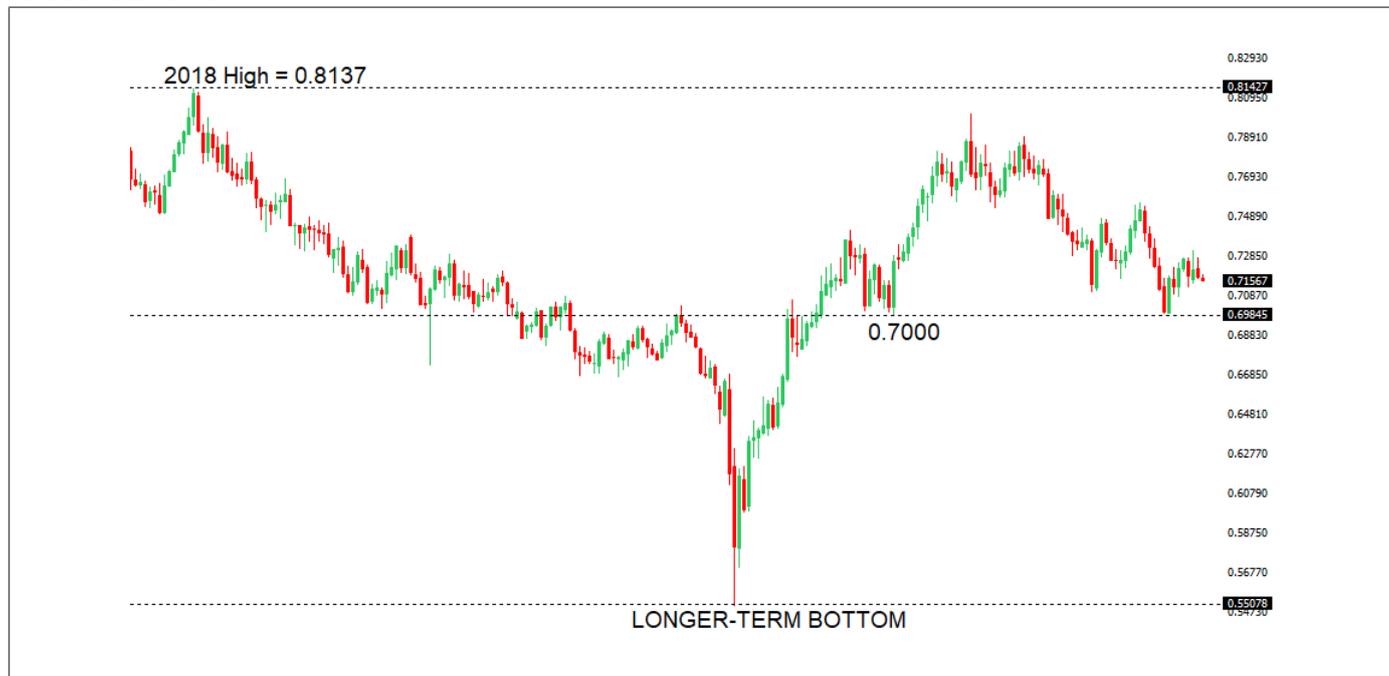
# USDJPY - fundamental overview

A recent round of intense risk off flow in US equities has mostly contributed to the latest wave of Yen demand. On Tuesday, BoJ Governor Kuroda said a 'moderate decline' for the JPY was 'positive for the economy.' and the CB 'must keep up current monetary easing.' Key standouts on today's calendar include central bank decisions from the Bank of Canada and Federal Reserve.

[Watch now](#)

## AUDUSD - technical overview

The Australian Dollar has been in the process of a healthy correction following the impressive run towards a retest of the 2018 high in 2021. At this stage, the correction is starting to look stretched and setbacks should be well supported above 0.7000 on a weekly close basis. A weekly close below 0.7000 will force a bearish shift.



- **R2 0.7315** - 13 January high - Strong
- **R1 0.7277** - 20 January high - Medium
- **S1 0.7100**- Figure - Medium
- **S2 0.7083** - 20 December low - Strong

## AUDUSD - fundamental overview

Wednesday Aussie data was offsetting, with inflation coming in hot but business confidence declining. Ultimately, Aussie was supported on the minor rebound in US equities and global sentiment. Key standouts on today's calendar include central bank decisions from the Bank of Canada and Federal Reserve.

# USDCAD - technical overview

**Finally signs of a major bottom in the works** after a severe decline from the 2020 high. A recent weekly close back above 1.2500 encourages the constructive outlook and opens the door for a push back towards next critical resistance in the 1.3000 area. Any setbacks should be well supported into the 1.2200s.



- **R2 1.2814** - 6 January high - Strong
- **R1 1.2702** - 24 January high - Medium
- **S1 1.2450** - 19 January low- Strong
- **S2 1.2400** - Figure - Medium

# USDCAD - fundamental overview

**A recent Canada retail sales miss and ongoing downside pressure** in US equities have been behind the latest wave of weakness in the Canadian Dollar. Market participants have become less certain about today's BoC rate hike. Key standouts on today's calendar include central bank decisions from the Bank of Canada and Federal Reserve.

# NZDUSD - technical overview

The market has entered a period of intense correction after running up to a yearly and multi-month high. Back below 0.6500 would suggest a more significant bearish structural shift.



- **R2 0.6891** - 13 January high - Strong
- **R1 0.6812** - 19 January high - Medium
- **S1 0.6660** - 25 January/**Multi-month low** - Strong
- **S2 0.6650** - Mid-Figure - Medium

# NZDUSD - fundamental overview

The New Zealand Dollar has been mostly dragged lower on the back of broad based risk off flow. We did see some demand from multi-month lows on decent local data and a mild recovery in sentiment. Key standouts on today's calendar include central bank decisions from the Bank of Canada and Federal Reserve.

## US SPX 500 - technical overview

Longer-term technical studies are in the process of unwinding from extended readings off record highs. The latest breakdown below 4,272 opens the door for the next major downside extension towards 3,500. Back above 4,612 will be required at a minimum to take the immediate pressure off the downside.



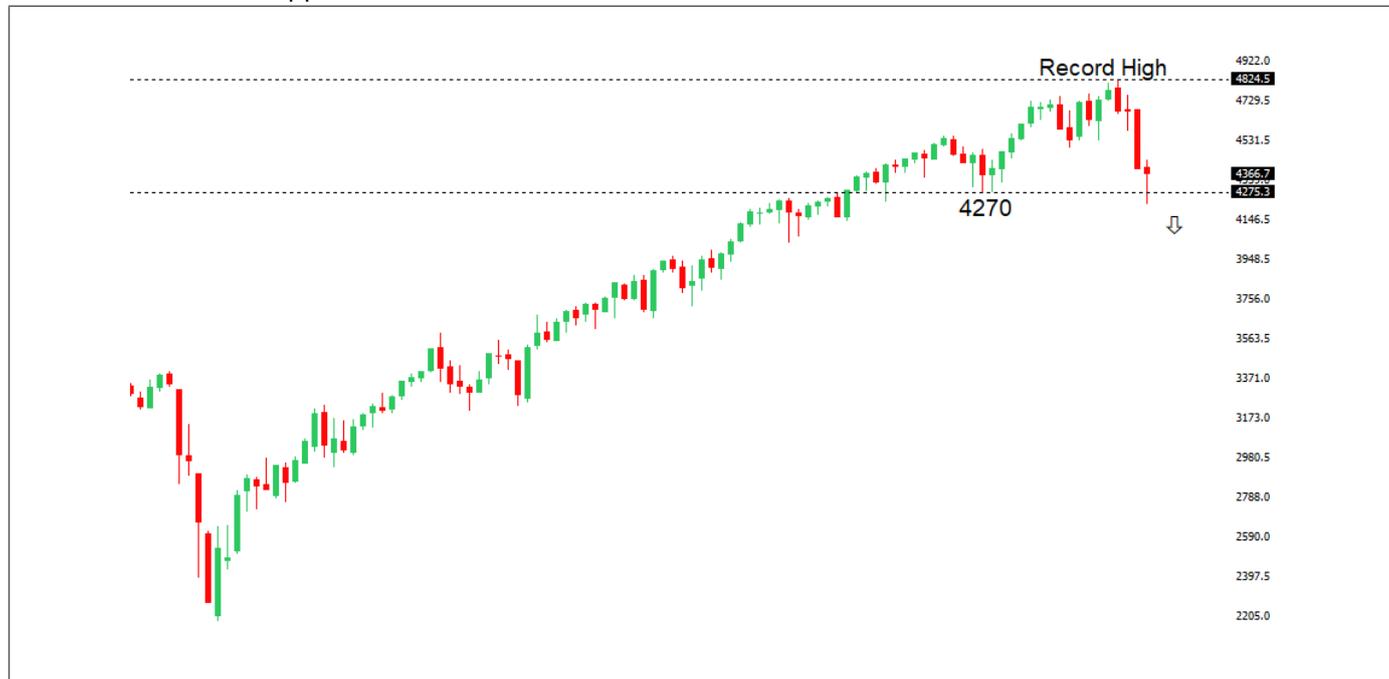
- **R2 4527** - 19 January high - Strong
- **R1 4495** - 21 January high - Medium
- **S1 4220** - 24 January low - Strong
- **S2 4200** - Round Number - Medium

## US SPX 500 - fundamental overview

With so little room for additional central bank accommodation, given an already depressed interest rate environment, the prospect for sustainable runs to the topside on easy money policy incentives and government stimulus, should no longer be as enticing to investors. Meanwhile, ongoing worry associated with coronavirus fallout and risk of rising inflation should weigh more heavily on investor sentiment in Q1 2022.

# GOLD (SPOT) - technical overview

The 2019 breakout above the 2016 high at 1375 was a significant development, opening the door for fresh record highs and an acceleration beyond the next major psychological barrier at 2000. Setbacks should now be well supported above 1600.



- **R2 1917** - 1 June high - Strong
- **R1 1878** - 16 November high - Medium
- **S1 1753** - 15 December low - Medium
- **S2 1722** - 29 September low - Strong

# GOLD (SPOT) - fundamental overview

The yellow metal continues to be well supported on dips with solid demand from medium and longer-term accounts. These players are more concerned about exhausted monetary policy, extended global equities, and coronavirus fallout. All of this should keep the commodity well supported, with many market participants also fleeing to the hard asset as the grand dichotomy of record high equities and record low yields comes to an unnerving climax.



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