

Global FX Insights

by LMAX Group Research & Analytics

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

A dose of dovishness [Wake-up call](#)

We've been getting a lot of back and forth when it comes to Fed speak, and the latest round of Fed speak came out leaning more dovish which helped to inspire a recovery in risk assets and some selling in the US Dollar.

Technical highlights [Daily Video](#)

- [EURUSD](#) Trying to put in base
- [GBPUSD](#) Signs of bottoming out
- [USDJPY](#) Overdue correction plays out
- [AUDUSD](#) Testing important resistance
- [USDCAD](#) Support ahead of 1.3000
- [NZDUSD](#) Corrections should be capped
- [US SPX 500](#) Rally expected to stall out
- [GOLD](#) (spot) Ready for next big push

Fundamental highlights

- [EURUSD](#) Euro up on diverging CB speak
- [GBPUSD](#) Borrowing bill not as steep as expected
- [USDJPY](#) Japan inflation data forces rethink
- [AUDUSD](#) RBA Lowe says may resume outsized hikes
- [USDCAD](#) Canada data sheet comes out above forecast
- [NZDUSD](#) Hawkish surprises from RBNZ
- [US SPX 500](#) Inflation headache not going away
- [GOLD](#) (spot) Dealers report plenty of demand

30 Day Performance vs. US dollar (%)



Suggested reading

- [Let Us Give Thanks to Cranberries for the End of a Food Crisis](#), D. Fickling, **Bloomberg** (November 22, 2022)
- [Manufacturing in America, Post-Globalisation](#), R. Foroohar, **Financial Times** (November 21, 2022)

EURUSD - technical overview

A break back above important resistance at 1.0200 suggests the market could be in the process of carving out a longer-term base after sinking to a multi-year low. Look for any setbacks to now be well supported ahead of 0.9900, with only a break back below 0.9730 to compromise the shifting outlook. Next key resistance comes in by previous support at 1.0636.



- **R2 1.0482** - 15 November high - Strong
- **R1 1.0400** - Figure - Medium
- **S1 1.0163** - 11 November low - Medium
- **S2 0.9936** - 10 November low - Strong

EURUSD - fundamental overview

The Euro got a boost on Tuesday from broad US Dollar weakness. The moves were driven off a combination of dovish Fed speak and more hawkish leaning ECB speak. Key standouts on today’s calendar come from the ECB research bulletin, German, Eurozone, and UK PMI reads, US building permits, housing starts, durable goods, initial jobless claims, new home sales, Michigan sentiment, and the Fed Minutes late in the day.

EURUSD - Technical charts in detail

[Watch now](#)

GBPUSD - technical overview

Signs have emerged of the market wanting to put in a longer-term base after collapsing to a record low in September. The latest weekly close back above the September high at 1.1739 strengthens this prospect. Any setbacks should now be well supported ahead of 1.1100. Next key resistance comes in at 1.2294.



- **R2 1.2029**- 15 November high - Strong
- **R1 1.1900** - Figure - Medium
- **S1 1.1600** - 8 November high - Medium
- **S2 1.1430** - 8 November low - Medium

GBPUSD - fundamental overview

The Pound performed well on Tuesday, with the currency getting a boost from the news that the UK borrowing bill would not be as big as the market was expecting, in fact just a little more than half of what was expected. This helped the Pound despite calls from the OECD that growth in the UK economy was projected to be the weakest in the G7 over the next two years and the second weakest amongst the entire G20. Key standouts on today’s calendar come from the ECB research bulletin, German, Eurozone, and UK PMI reads, US building permits, housing starts, durable goods, initial jobless claims, new home sales, Michigan sentiment, and the Fed Minutes late in the day.

[Watch now](#)

USDJPY - technical overview

Longer-term technical studies are in the process of unwinding from severe overbought readings. Look for additional corrective price action back down towards the 130.00 area before the market considers the possibility of uptrend resumption. Rallies should now be well capped ahead of 147.00.



- **R2 145.10** - 27 October low - Strong
- **R1 142.49** - 11 November high - Medium
- **S1 137.67** - 15 November low - Medium
- **S2 137.00** - Figure - Medium

USDJPY - fundamental overview

The Yen was slightly bid on Tuesday, with the currency getting a boost from the combination of hotter Japan inflation data and more dovish leaning Fed speak. Japanese markets are closed on this Wednesday for holiday. Key standouts on today’s calendar come from the ECB research bulletin, German, Eurozone, and UK PMI reads, US building permits, housing starts, durable goods, initial jobless claims, new home sales, Michigan sentiment, and the Fed Minutes late in the day.

[Watch now](#)

AUDUSD - technical overview

There are signs of the potential formation of a longer-term base following the recent surge back above 0.6500. The latest weekly close back above previous support now turned resistance at 0.6682 strengthens the outlook for a bullish structural shift.



- **R1 0.6917** - 13 September high - Strong
- **R2 0.6798** - 15 November high - Medium
- **S1 0.6500** - Psychological - Medium
- **S2 0.6387** - 10 November low - Strong

AUDUSD - fundamental overview

RBA Lowe was out the other day talking monetary policy outlook, saying policy was not on pre-set path and the central bank may resume outsized hikes. This along with a recovery in the RMB and dovish Fed speak helped to prop Aussie. Key standouts on today's calendar come from the ECB research bulletin, German, Eurozone, and UK PMI reads, US building permits, housing starts, durable goods, initial jobless claims, new home sales, Michigan sentiment, and the Fed Minutes late in the day.

USDCAD - technical overview

A recent surge back above 1.3000 signals an end to a period of bearish consolidation and suggests the market is in the process of carving out a more significant longer-term base. Next key resistance now comes in up into the 1.4000 area. Setbacks should be very well supported down into the 1.3000 area.



- **R2 1.3572** - 10 November high - Strong
- **R1 1.3400** - Figure - Medium
- **S1 1.3226** - 15 November low - Medium
- **S2 1.3200** - Figure - Strong

USDCAD - fundamental overview

We've just come out of a solid day of economic data out of Canada. Retail sales, factory sales, and wholesale sales were all better than expected. Key standouts on today's calendar come from the ECB research bulletin, German, Eurozone, and UK PMI reads, US building permits, housing starts, durable goods, initial jobless claims, new home sales, Michigan sentiment, and the Fed Minutes late in the day.

NZDUSD - technical overview

Overall pressure remains on the downside with risk for the current recovery rally to stall out and form a lower top for the next major downside extension. A break back above 0.6251 would be required to take the immediate pressure off the downside.



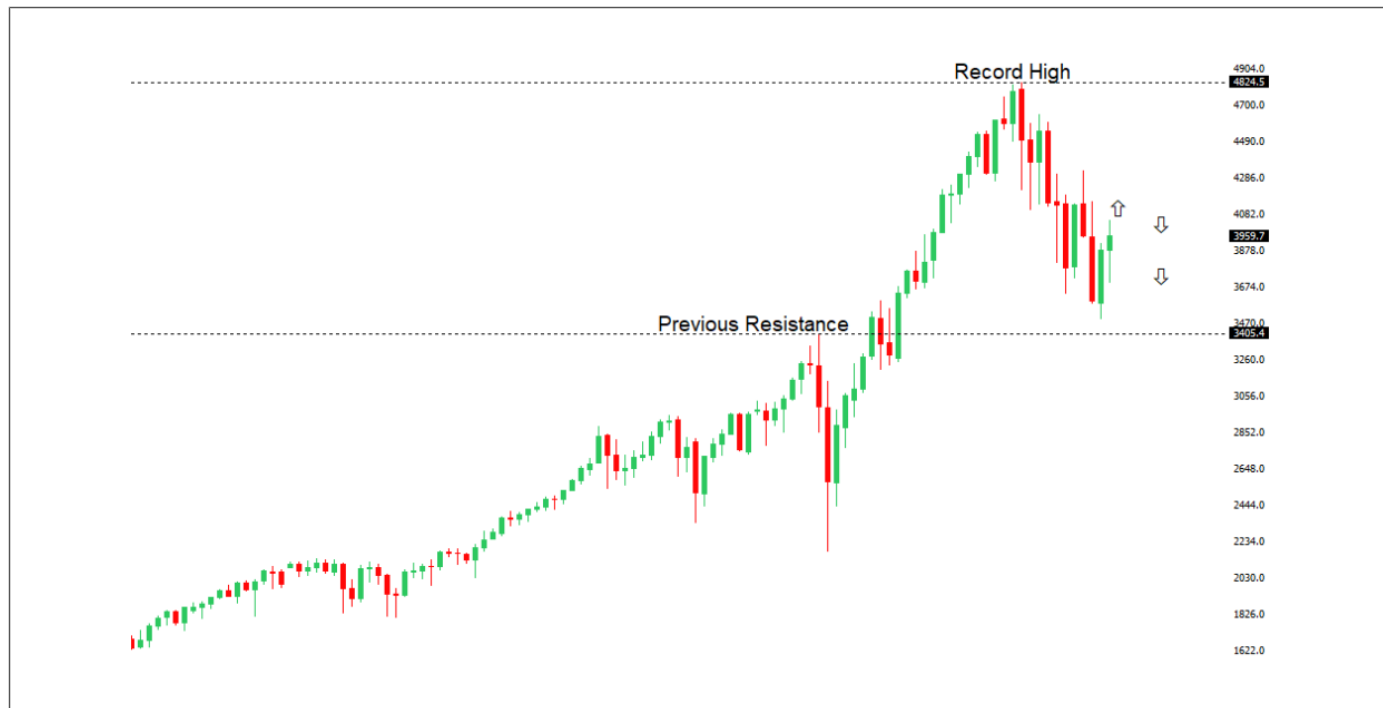
- **R2 0.6251** - 25 August high - Strong
- **R1 0.6204** - 15 November high - Medium
- **S1 0.5841**- 10 November low - Medium
- **S2 0.5741** - 3 November low - Strong

NZDUSD - fundamental overview

Earlier today, the RBNZ came out and delivered a 75 basis point rate hike as widely expected. The RBNZ remained focused on inflation risks and contemplated a 100bp increase, which was more hawkish than expected. The hawkish message was quantitatively expressed via a shift higher in its peak OCR estimates to 5.50% in Q3 2023, from 4.10% in Q2 2023 in the August Monetary Policy Statement. Key standouts on today’s calendar come from the ECB research bulletin, German, Eurozone, and UK PMI reads, US building permits, housing starts, durable goods, initial jobless claims, new home sales, Michigan sentiment, and the Fed Minutes late in the day.

US SPX 500 - technical overview

Longer-term technical studies are in the process of unwinding from extended readings off record highs. Look for rallies to be well capped in favor of lower tops and lower lows. A monthly close back above 4000 will be required at a minimum to take the immediate pressure off the downside. Next major support comes in around 3200.



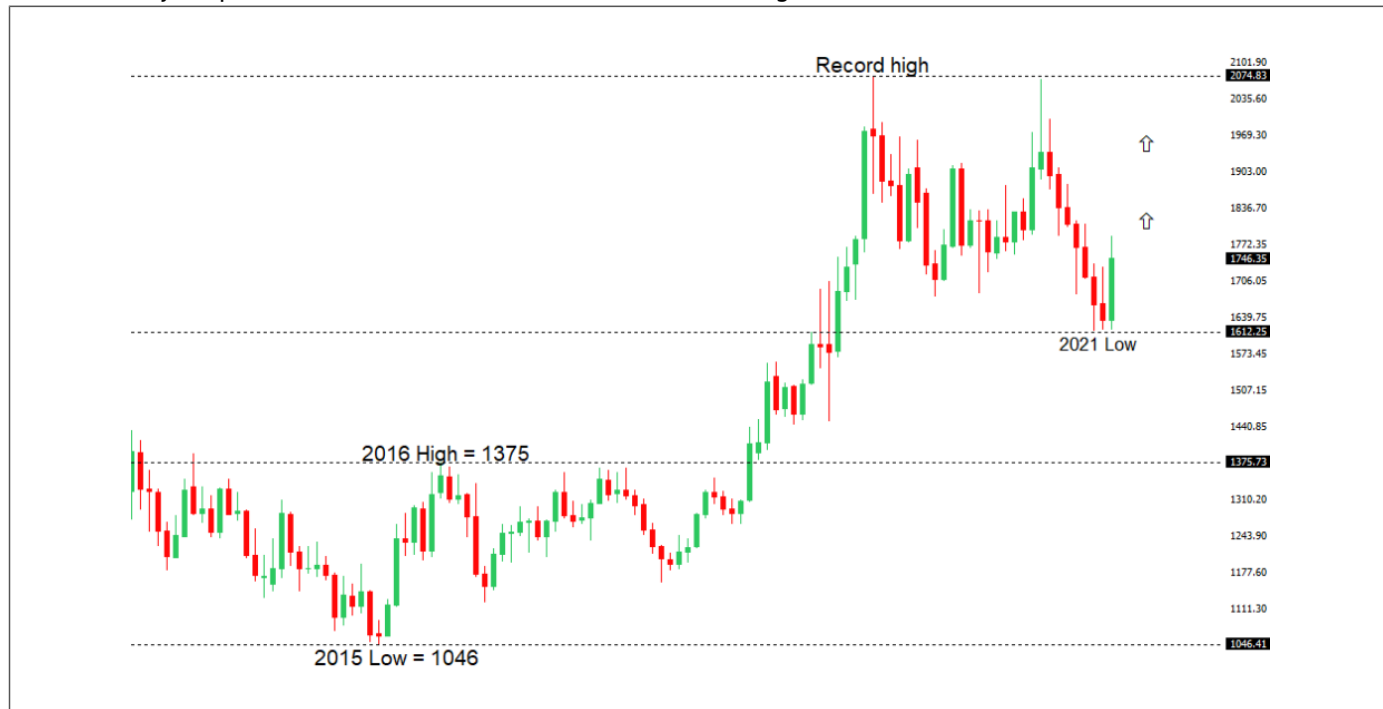
- **R2 4150** - 13 September high - Strong
- **R1 4048** - 15 November high - Strong
- **S1 3863** - 8 November high - Medium
- **S2 3699** - 3 November low - Strong

US SPX 500 - fundamental overview

We've finally reached a point in the cycle where the Fed recognizes unanchored inflation expectations pose a greater downside risk than over-tightening. This is significant, as it means less investor friendly monetary policy that risks potential recession in the months ahead. Overall, we expect inflation to continue to be a problem in Q4 2022 and Q1 2023 that results in downside pressure into rallies.

GOLD (SPOT) - technical overview

The 2019 breakout above the 2016 high at 1375 was a significant development, opening the door for fresh record highs. Setbacks should now be well supported above 1600 on a monthly close basis ahead of the next major upside extension. Back above 1808 will strengthen the bullish outlook.



- **R2 1808** - 7 August high - Strong
- **R1 1787** - 15 November high - Medium
- **S1 1665** - 8 November low - Medium
- **S2 1615** - 28 September/2022 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 inflation risk and a less upbeat global growth outlook. 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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