

Global FX Insights

by LMAX Group Research & Analytics

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

All eyes on today's US inflation data [Wake-up call](#)

Attempts to cool the US Dollar earlier this week have fallen short, with the Buck back in the driver's seat heading into some important US inflation data later today. We also get a healthy round of economic data out of the UK. Stocks are looking more cautious and oil has pushed to another yearly high.

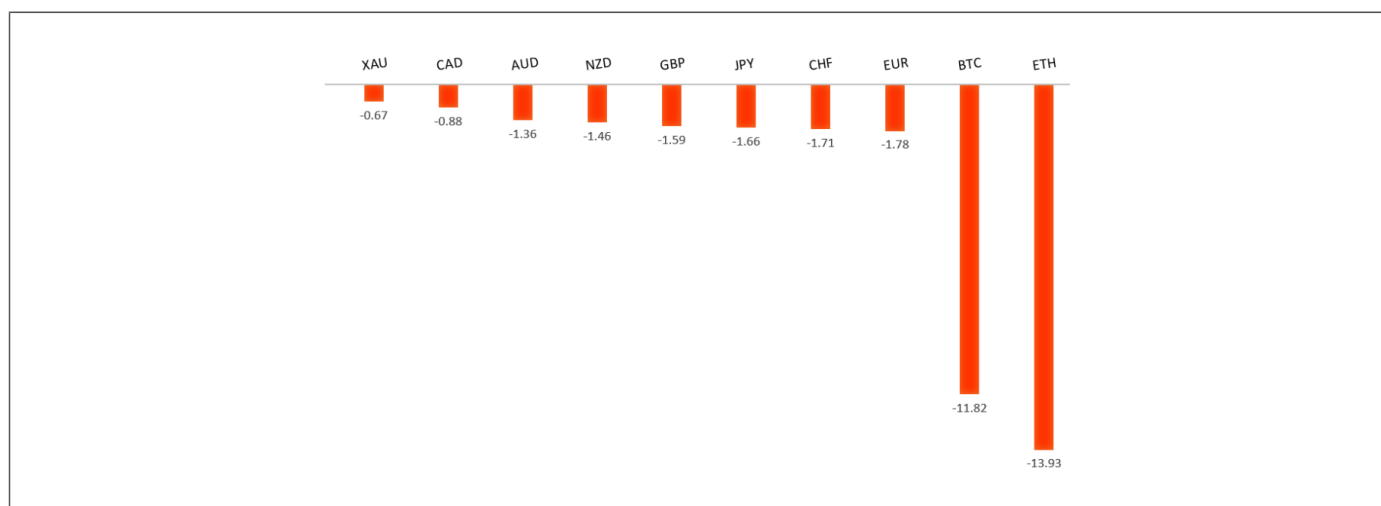
Technical highlights [Daily Video](#)

- [EURUSD](#) Closer to finding higher low
- [GBPUSD](#) Strong support into 1.2000
- [USDJPY](#) Well supported on dips
- [AUDUSD](#) Trying to bottom out
- [USDCAD](#) Continues to push higher
- [NZDUSD](#) Wants to carve out bottom
- [US SPX 500](#) Next lower top sought out
- [GOLD](#) (spot) Structure remains constructive

Fundamental highlights

- [EURUSD](#) Reuters report boosts Euro demand
- [GBPUSD](#) UK peak rates lower post jobs data
- [USDJPY](#) Japan producer prices below forecast
- [AUDUSD](#) Mixed readings out of Australia
- [USDCAD](#) Oil extends run to fresh yearly high
- [NZDUSD](#) Signs NZ housing market has bottomed
- [US SPX 500](#) Messy combo of slowing growth, inflation
- [GOLD](#) (spot) Dealers report plenty of demand

30 Day Performance vs. US dollar (%)



Suggested reading

- [Hitchhiker's Guide to the Equity Risk Premium](#), J. Authers, **Bloomberg** (September 11, 2023)
- [A Solar Power Plan for Developing Nations](#), S. Mundy, **FT** (September 13, 2023)

EURUSD - technical overview

The Euro remains well supported on dips following a run to the topside through 1.1000. Any additional setbacks should be well supported ahead of 1.0500 in favor of a bullish continuation. Ultimately, only a monthly close back below 1.0500 would give reason for concern. Next key resistance comes in the form of the 2023 high at 1.1276.



- **R2 1.0946** - 30 August high - Strong
- **R1 1.0809** - 4 September high - Medium
- **S1 1.0686** - 7 September low - Medium
- **S2 1.0635** - 31 May low - Strong

EURUSD - fundamental overview

The Euro has continued to hold up well, getting more support from an overnight Reuters report stating the ECB expects inflation to stay above 3% in 2024. This makes the case for a possible rate hike at tomorrow's ECB meeting more interesting. Key standouts on Wednesday's calendar come from UK GDP, trade, industrial production, and construction output, Eurozone industrial production, and US inflation reads.

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 2022. The November 2022 monthly close back above 1.2000 strengthens this prospect. Any setbacks should now be well supported ahead of 1.2500. Next key resistance comes in at 1.3143.



- **R2 1.2747** - 30 August high - Strong
- **R1 1.2643** - 4 September high - Medium
- **S1 1.2446** - 7 September low - Medium
- **S2 1.2400** - Figure - Medium

GBPUSD - fundamental overview

The Pound was softer on Tuesday after the UK jobs report displayed soft components. UK implied peak rates have come off considerably from two months ago when they were trading at 6.50%. They are now 5.56%. Key standouts on Wednesday's calendar come from UK GDP, trade, industrial production, and construction output, Eurozone industrial production, and US inflation reads.

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USDJPY - technical overview

At this stage, it looks like the market is wanting to resume the bigger picture uptrend and head back towards a retest of that multi-year high from October 2022 up at 151.95. Look for any weakness to continue to be well supported on dips.



- **R2 148.00** - Figure - Medium
- **R1 147.88**- 8 September/**2023 high** - Medium
- **S1 145.90** - 11 September low - Medium
- **S2 144.44** - 1 September low - Strong

USDJPY - fundamental overview

Japan corporations were becoming more confident about the business conditions, according to the Japanese 3Q Business Outlook Survey. Meanwhile, Japan's PPI eased from 3.6%/y/y to 3.2%/y/y, modestly lower than the market forecast of 3.3%. The moderation trend continued even as oil prices and weak yen weighed on prices. Elsewhere, PM Kishida retained his finance and trade ministers in a cabinet reshuffle. Key standouts on Wednesday's calendar come from UK GDP, trade, industrial production, and construction output, Eurozone industrial production, and US inflation reads.

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AUDUSD - technical overview

There are signs of the potential formation of a longer-term base with the market trading down into a meaningful longer-term support zone. Only a monthly close below 0.6400 would give reason for rethink. Back above 0.6523 will take the immediate pressure off the downside and strengthen case for a bottom.



- **R1 0.6617** - 10 August high - Strong
- **R2 0.6523** - 30 August high - Medium
- **S1 0.6357** - 6 September/2023 low - Strong
- **S2 0.6300** - Figure - Medium

AUDUSD - fundamental overview

Recent economic data out of Australia has been mixed and we haven't seen all that much movement in the Australian Dollar. Westpac Consumer Confidence fell for a second month to 79.7 from 81 previous, placing the reading near pandemic and post-pandemic lows. NAB Business Confidence upticked to 2 from 1, while Business Conditions rose to 13 from 11. Key standouts on Wednesday's calendar come from UK GDP, trade, industrial production, and construction output, Eurozone industrial production, and US inflation reads.

USDCAD - technical overview

Above **1.3000** signals an end to a period of longer-term 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 1.3700** - Figure - Strong
- **R1 1.3695** - 7 September high - Medium
- **S1 1.3543** - 12 September low - Medium
- **S2 1.3489** - 1 September low - Strong

USDCAD - fundamental overview

The price of oil has been running higher, extending to fresh yearly highs. This has helped to rally the Canadian Dollar. The local market in Canada is still pricing a cumulative 40%-50% chance of an additional rate hike by year end, which has also helped to inspire renewed bids in the Canadian Dollar after last week's decline from softer Canada employment data. Key standouts on Wednesday's calendar come from UK GDP, trade, industrial production, and construction output, Eurozone industrial production, and US inflation reads.

NZDUSD - technical overview

Overall pressure remains on the downside with the market once again stalling out on a run up into the 0.6500 area. Ultimately, a break back above 0.6015 would be required to take the immediate pressure off the downside. A monthly close below 0.6000 would intensify bearish price action.



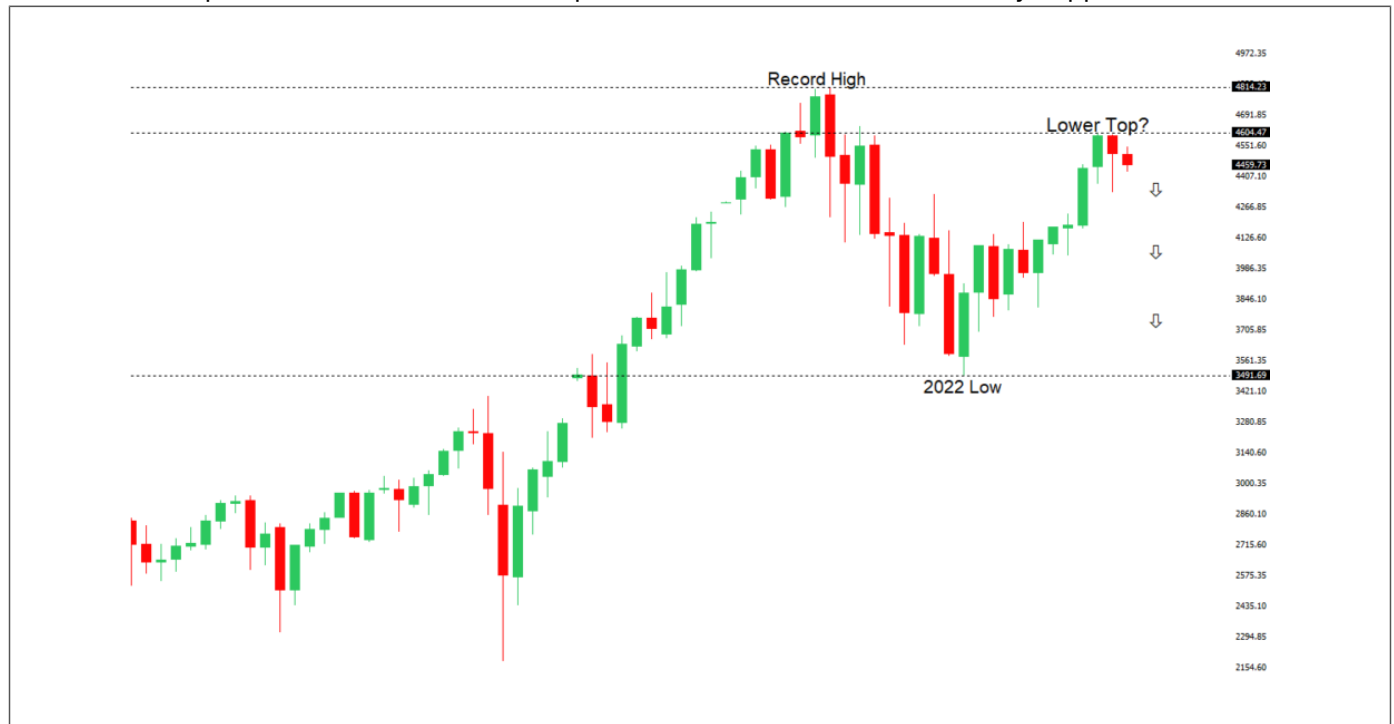
- **R2 0.6133** - 4 August high - Strong
- **R1 0.6015** - 1 September high - Medium
- **S1 0.5859** - 5 September/2023 low - Medium
- **S2 0.5841** - 10 November 2022 low - Medium

NZDUSD - fundamental overview

New Zealand Food prices rose by 0.5% m/m in August, reversing the 0.5% decline in July, driven by fruit and vegetable prices. However, on a y/y basis, food prices decelerated from 9.6% y/y to 8.9% y/y, down from their peak of 12.3% y/y in June. Meanwhile, house sales rose by 9.2% y/y, while house prices stabilized, suggesting that the housing market has bottomed out ahead of the New Zealand election. The NZ government says it will avoid a double-dip recession but sees a 'long road back' to a budget surplus, with the economy to remain sluggish for two years. Key standouts on Wednesday's calendar come from UK GDP, trade, industrial production, and construction output, Eurozone industrial production, and US inflation reads.

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 4600 will be required to take the immediate pressure off the downside. Next key support comes in at 4328.



- **R2 4541** - 4 August high - Medium
- **R1 4533** - 31 August high - Medium
- **S1 4328** - 26 June low - Medium
- **S2 4300** - Round Number - 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, even in the face of a less certain growth outlook. Overall, we expect inflation to continue to be a problem in 2023 that results in downside pressure into rallies despite market expectations that would argue otherwise.

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. Next major resistance comes in at 2100, above which opens the next extension towards 2500.



- **R2 1988** - 20 July high - Strong
- **R1 1950** - 30 August high - Medium
- **S1 1885** - 21 August low - Medium
- **S2 1871** - 10 March high - 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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