

Wednesday, March 15, 2023

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# Global FX Insights

by LMAX Group Research & Analytics

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

## Confidence restored, risk assets recover [🔊 Wake-up call](#)

Reassurances have been provided, confidence has been restored and US markets have recovered from the earlier panic around stability at the banks. This in conjunction with scaled back Fed rate hike expectations at next week's meeting has opened the door for a recovery in US equities and downside pressure in the US Dollar.

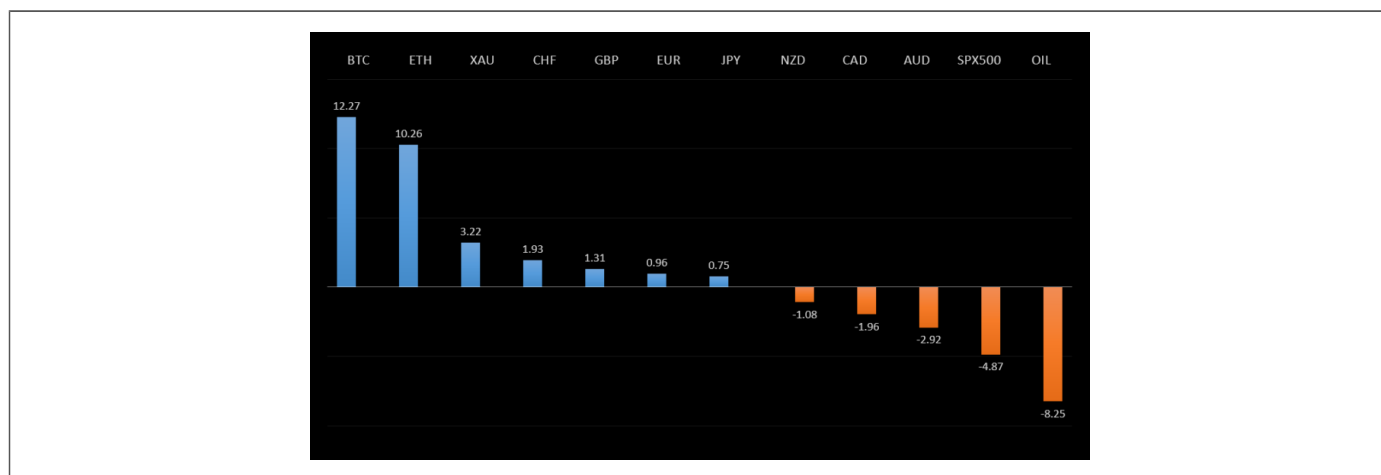
### Technical highlights [📺 Daily Video](#)

- [EURUSD](#) Looking for next higher low
- [GBPUSD](#) Room for more weakness
- [USDJPY](#) Signs of uptrend resumption
- [AUDUSD](#) Gravitating to critical support
- [USDCAD](#) Sights set on 1.4000
- [NZDUSD](#) Well capped into rallies
- [US SPX 500](#) Looking for downtrend resumption
- [GOLD](#) (spot) Setbacks seen forming higher low

### Fundamental highlights

- [EURUSD](#) Eurozone industrial production due
- [GBPUSD](#) Pound underperforms on weak UK wages
- [USDJPY](#) Yen gets big boost on Fed repricing
- [AUDUSD](#) Aussie business confidence takes a dive
- [USDCAD](#) Strong manufacturing data out of Canada
- [NZDUSD](#) NZ current account deficit widens out
- [US SPX 500](#) Inflation headache not going away
- [GOLD](#) (spot) Dealers report plenty of demand

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



## Suggested reading

- [Fed Will Walk a Tightrope Between SVB, Inflation](#), J. Authers, **Bloomberg** (March 15, 2023)
- [It's Difficult To Detect 'Systemic' Quality In SVB](#), J. Calhoun, **Alhambra** (March 12, 2023)

# EURUSD - technical overview

The Euro is in the throes of a correction following a run to the topside through 1.1000 earlier this year. Any additional setbacks should be well supported ahead of 1.0300 in favor of the formation of the next major higher low and a bullish continuation. Ultimately, only a monthly close back below parity would give reason for concern.



- **R2 1.0805** - 14 February high - Strong
- **R1 1.0760** - 15 March high - Medium
- **S1 1.0565** - 1 March low - Medium
- **S2 1.0524** - 8 March low - Strong

# EURUSD - fundamental overview

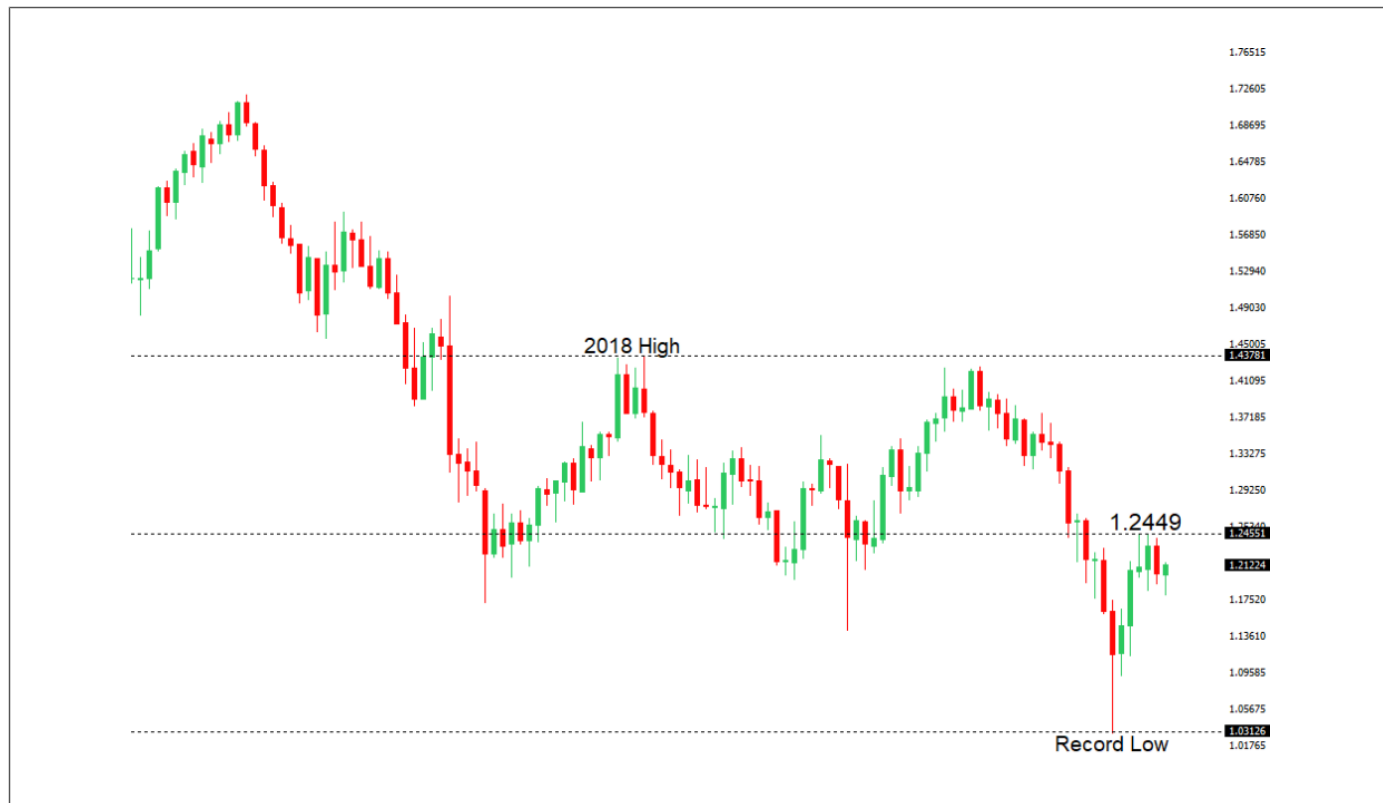
Tuesday price action was all about consolidation with no major first-tier data out the Eurozone and US CPI coming in more or less as expected. Key standouts on Wednesday’s calendar come from German wholesale prices, Eurozone industrial production, US producer prices, retail sales, NAHB housing, and business inventories.

# 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 recent weekly close back above the September high at 1.1739 strengthens this prospect. Any setbacks should now be well supported ahead of 1.1500. Next key resistance comes in at 1.2668.



- **R2 1.2270**- 14 February high - Strong
- **R1 1.2204** - 14 March high- Medium
- **S1 1.2047** - 13 March low- Medium
- **S2 1.1803** - 8 March low - Strong

# GBPUSD - fundamental overview

**The Pound underperformed on Tuesday** on the back of weak UK wages data. Average weekly wages declined to 5.7% y/y from 6% previous, the slowest pace since July. Key standouts on Wednesday’s calendar come from German wholesale prices, Eurozone industrial production, US producer prices, retail sales, NAHB housing, and business inventories.

[Watch now](#)

# USDJPY - technical overview

The major pair has seen a nice recovery following the massive correction out from multi-year highs. Setbacks have finally been well supported ahead of 125.00 in the 127s thus far. At this stage, it looks like the market could be 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 in favor of higher lows along the way.



- **R2 137.92** - 8 March high - Strong
- **R1 135.37** - 6 March low - Medium
- **S1 132.28** - 13 March low - Medium
- **S2 129.81** - 10 February low - Strong

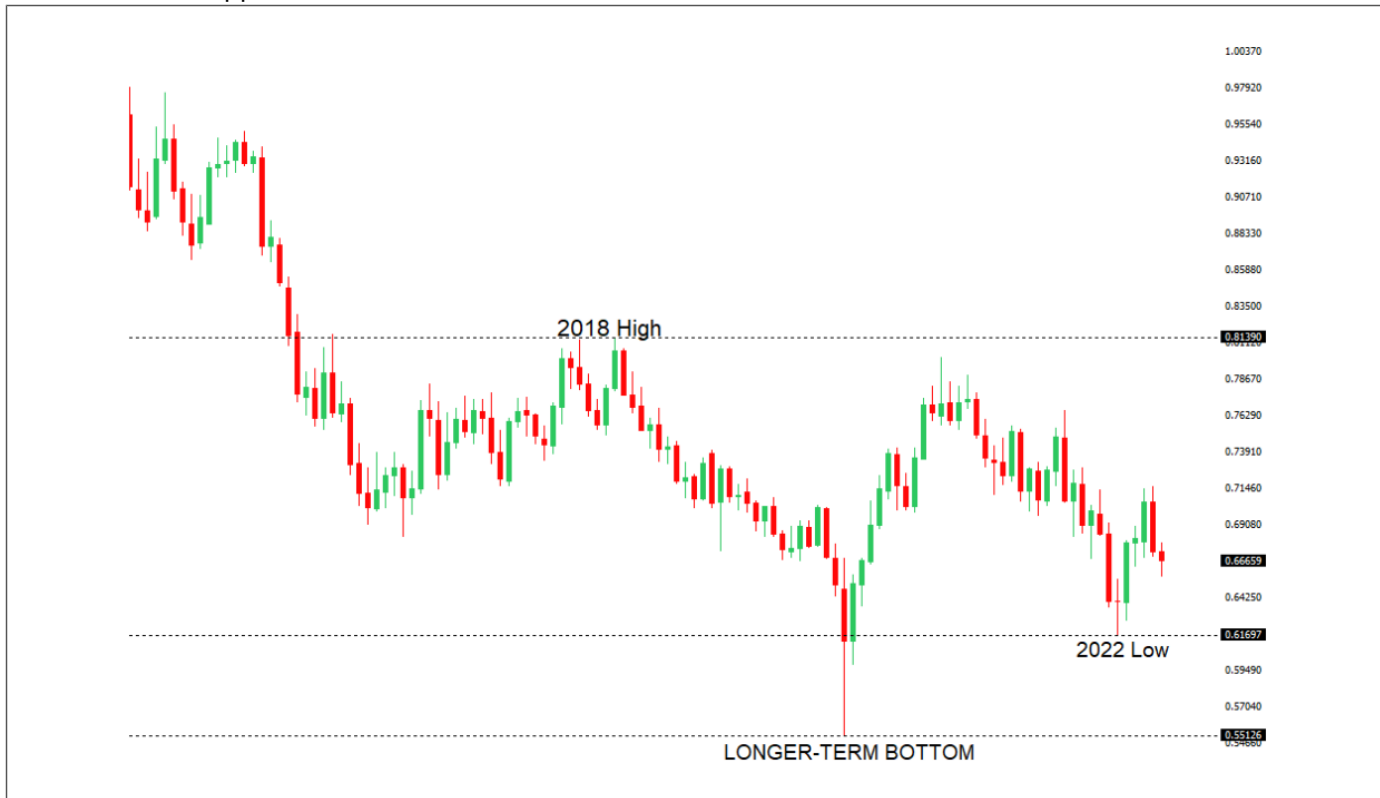
# USDJPY - fundamental overview

A good chunk of this recent flow back into the Yen comes from a repricing of Fed expectations in light of the US bank woes. However, we are seeing renewed Yen selling as uncertainty fades away and markets stabilize. Key standouts on Wednesday’s calendar come from German wholesale prices, Eurozone industrial production, US producer prices, retail sales, NAHB housing, and business inventories.

[Watch now](#)

# AUDUSD - technical overview

There are signs of the potential formation of a longer-term base following the late 2022 surge back above 0.6500. The recent weekly close back above previous support now turned resistance at 0.6682 strengthens the outlook for a bullish structural shift. Next key resistance comes in at 0.7284. Setbacks should be well supported ahead of 0.6500.



- **R1 0.6784** - 1 March high - Strong
- **R2 0.6717** - 13 March low - Medium
- **S1 0.6564** - 9 March low - Medium
- **S2 0.6500** - Psychological - Strong

# AUDUSD - fundamental overview

The Australian Dollar took a little hit on Tuesday after Aussie business confidence took a dive. Key standouts on Wednesday’s calendar come from German wholesale prices, Eurozone industrial production, US producer prices, retail sales, NAHB housing, and business inventories.

# 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 1.3900**- Figure - Medium
- **R1 1.3863** - 10 March high - Medium
- **S1 1.3652** - 14 March low - Medium
- **S2 1.3555** - 3 March low - Strong

# USDCAD - fundamental overview

The Canadian Dollar managed to outperform its peer group on Tuesday after Canada manufacturing sales jumped 4.1% month over month. Key standouts on Wednesday’s calendar come from German wholesale prices, Eurozone industrial production, US producer prices, retail sales, NAHB housing, and business inventories.

# 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 0.6577 would be required to take the immediate pressure off the downside.



- **R2 0.6276** - 1 March high - Strong
- **R1 0.6265** - 13 March high - Medium
- **S1 0.6084** - 8 March low - Medium
- **S2 0.6064** - 17 November low - Strong

# NZDUSD - fundamental overview

**The New Zealand Dollar is underperforming on Wednesday** after New Zealand's annual current account deficit widened to a record in the fourth quarter as imports outpaced exports and more people traveled overseas. Key standouts on Wednesday's calendar come from German wholesale prices, Eurozone industrial production, US producer prices, retail sales, NAHB housing, and business inventories.

## 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 4300 will be required at a minimum to take the immediate pressure off the downside. Next major support comes in at 3763.



- **R2 4198** - 2 February/2023 high - Strong
- **R1 4080** - 6 February high - Medium
- **S1 3806** - 13 March low - Medium
- **S2 3763** - 22 December 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 H1 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. The recent break back above 1808 strengthens the bullish outlook. Next major resistance comes in at 2000.



- **R2 1960** - 2 February/2023 high - Strong
- **R1 1915** - 13 March high - Medium
- **S1 1804** - 28 February low - Medium
- **S2 1719** - 23 November 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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