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# Global FX Insights

by LMAX Exchange Research & Analytics

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

## Currencies Hold Up Despite Solid US Jobs Report [Wake-up call](#)

Overall, currencies have done a good job holding gains in the aftermath of a very healthy US employment report and other solid readings on Friday. Even the higher than expected hourly earnings print did little to materially rattle investors, with any Dollar rallies well capped pretty much across the board.

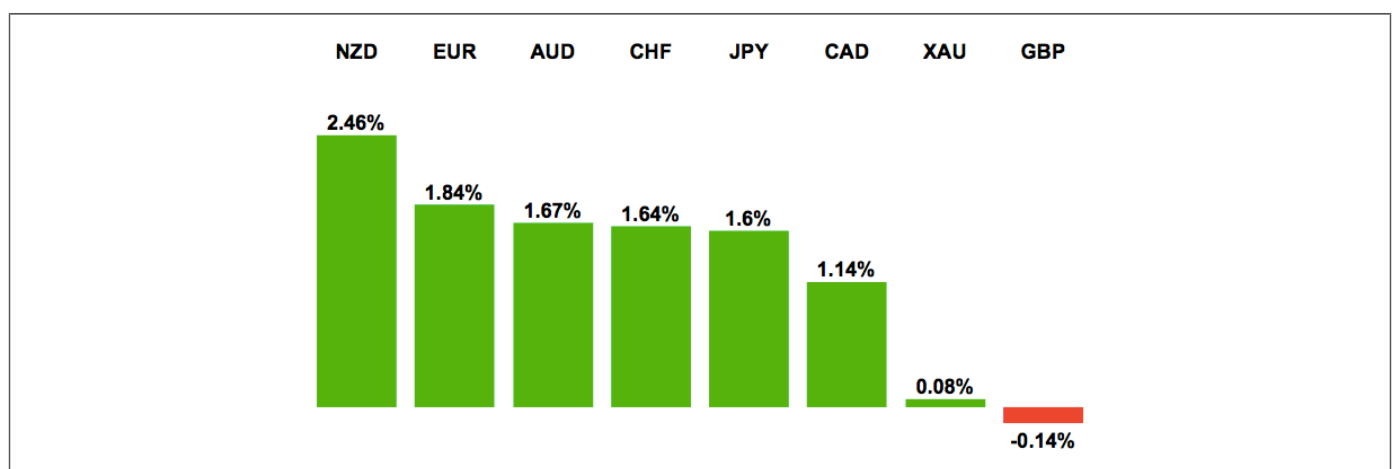
### Technical highlights [Daily Video](#)

- [EURUSD](#) Additional upside limited
- [GBPUSD](#) Pressure remains on downside
- [USDJPY](#) Consolidates ahead of next drop
- [EURCHF](#) Recovery structure well intact
- [AUDUSD](#) Signs of exhaustion off 2016 high
- [USDCAD](#) Possible double bottom in works
- [NZDUSD](#) Formidable resistance at 0.7000
- [US SPX 500](#) Rally classified as corrective
- [GOLD \(spot\)](#) Dips supported ahead of 1200
- [Feature](#) - USDSGD Poised for fresh upside

### Fundamental highlights

- [EURUSD](#) Eurozone PPI, unemployment on tap
- [GBPUSD](#) Weak Pound takes in construction PMIs
- [USDJPY](#) Yen retains bid tone despite solid US jobs
- [EURCHF](#) SNB monitoring global risk sentiment
- [AUDUSD](#) Aussie weaker on softer retail sales print
- [USDCAD](#) Loonie holds up for now despite lower OIL
- [NZDUSD](#) Kiwi TWI tracking 3% above RBNZ forecast
- [US SPX 500](#) Investors shrug higher hourly earnings
- [GOLD \(spot\)](#) Macro environment supportive of metal
- [Feature](#) - USDSGD China, Hong Kong, Taiwan closed

## Five day performance v. US dollar



## Suggested reading

- [Unconventional Monetary Policy on Stilts](#), N. Roubini, **Project Syndicate** (April 1, 2016)
- [Asia's Go-Go days Are Gone](#), C. Langner, **Bloomberg Gadfly** (April 1, 2016)

## EURUSD - technical overview

**The market remains well supported on dips**, breaking to fresh 2016 highs. But overall, the broader downtrend remains intact and with the price now trading up towards 1.1500, there is risk for another topside failure and bearish reversal. Look for additional upside to remain well capped below 1.1500 on a daily close basis, while ultimately, only back above 1.1709 would force a shift in the structure. A break below 1.1335 will help to strengthen this outlook and alleviate immediate topside pressure.



- **R2 1.1495** - 15Oct high - Very Strong
- **R1 1.1438** - 31Mar/2016 high - Medium
- **S1 1.1335** - 1Apr low - Medium
- **S2 1.1284** - 30Mar low - Strong

## EURUSD - fundamental overview

**The Euro managed to push in a fresh 2016 high** at 1.1438 this past Friday, before reversing into the weekly close on the back of a solid monthly US employment report. The combination of an above forecast NFP print and higher hourly earnings was what drove the Euro's retreat, though interestingly, the single currency remained very well supported into dips. Looking ahead, we get Eurozone Seintix investor confidence, Eurozone PPI and Eurozone unemployment, followed by the US labor market conditions index and US factory orders.

## GBPUSD - technical overview

The recovery rally out from a recent 7 year low has stalled out ahead of key resistance at 1.4668, potentially setting the stage for the next major lower top and bearish resumption. A daily close below 1.4053 will strengthen this outlook and expose a retest of 1.3836, which guards against the multi-year base at 1.3500 further down. Back above 1.4668 would be required to take the immediate pressure off the downside.



- **R2 1.4372** - 1Apr high - Strong
- **R1 1.4300** - Figure - Medium
- **S1 1.4171** - 1Apr low - Medium
- **S2 1.4108** - 25Mar low - Strong

## GBPUSD - fundamental overview

The Pound had already been knocked back early Friday on softer UK manufacturing PMIs and ongoing Brexit risk, but then saw an acceleration of declines in the North American session following the strong monthly US employment report. The combination of an above forecast NFP print and higher hourly earnings were enough to keep the beleaguered UK currency under pressure into the new week. Looking ahead, the economic calendar is quite light on Monday, with UK construction PMIs, the US labor market index and US factory orders, the only notable standouts.

## USDJPY - technical overview

The recent break below the previous multi-month low from February was a significant development, as it potentially warns of a fresh downside extension ahead following a period of multi-day consolidation. At this point, a daily close below 111.00 would be required to strengthen this prospect, though any rallies in the interim should be very well capped ahead of 115.00. Ultimately, only back above 115.00 would force a shift in the structure and take the pressure off the downside.



- **R2 113.80** - 29Mar high - Strong
- **R1 112.80** - 30Mar high - Medium
- **S1 111.22** - 21Mar low - Medium
- **S2 110.67** - 17Mar/2016 low - Strong

## USDJPY - fundamental overview

Even a healthy round of US economic data on Friday, highlighted by the much better than expected US employment report, failed to inspire any sustainable rallies in the major pair, with USDJPY remaining under pressure into the early week. It seems the pullback in OIL prices and expectation the Fed will still stick to a more dovish track, in light of last week's Yellen speech, is what is driving the Yen higher, with the market now closing in on a retest of the recent multi-month low, which guards against the major psychological barrier at 110.00. Looking ahead, lack of first tier economic data will leave the market focused on broader macro flows, with only the US labor market index and factory orders standing out.

## EURCHF - technical overview

The latest round of setbacks from fresh multi-month highs at 1.1200 have been well supported, with the broader outlook still highly constructive. Look for any additional weakness in the sessions ahead to continue to be supported above 1.0800, in favour of a higher low and the next major upside extension through 1.1200, towards 1.1500 further up. Only a close below 1.0715 would delay the outlook.



- **R2 1.1024** - 17Feb high - Strong
- **R1 1.1000** - Psychological - Medium
- **S1 1.0875** - 23Mar low - Medium
- **S2 1.0810** - 29Feb/2016 low - Strong

## EURCHF - fundamental overview

**Economic data out of Switzerland** has been better of late, as reflected through last week's Swiss trade balance and KoF leading indicator, and there could be signs of an alleviation of intense deflationary pressures. And yet, with the Franc still deemed to be well overvalued, the SNB remains committed to its current policy strategy of intervention and negative rates. The SNB's job has been a lot easier of late, with the EURCHF rate stable despite more ECB stimulus and accommodations elsewhere, and this should give the central bank the flexibility it needs to keep from making any additional easing moves. But the global backdrop is still shaky and any signs of renewed downside pressure on equities, could invite unwanted CHF appreciation, something the SNB needs to continue to closely monitor.

## AUDUSD - technical overview

**An impressive run for this pair** over the past several days, with gains extending to fresh 2016 highs. However, the run is starting to look a little stretched and there is risk for a pullback and potential bearish resumption. Still, a break back below 0.7477 would be required to strengthen this outlook and take the immediate pressure off the topside.



- **R2 0.7800** - Figure - Strong
- **R1 0.7723** - 31Mar/2016 high - Medium
- **S1 0.7599** - 1Apr low - Medium
- **S2 0.7558** - 28Mar high - Strong

## AUDUSD - fundamental overview

**The Australian Dollar is standing out as a relative underperformer** in Monday trade, following the release of a softer round of data, highlighted by discouraging Aussie retail sales. Meanwhile, inflation expectations cooled off, adding to downside pressure and contributing to the case for a more dovish RBA on Tuesday. Aussie had already been knocked off 2016 highs last week on the well received round of US employment data. Looking ahead, the economic calendar for Monday is rather light with only the US labor marker index and factory orders standing out. The focus will be placed more heavily on Tuesday's RBA decision where the RBA is still expected to hold steady at 2.0%.

# USDCAD - technical overview

**Signs of a potential bottom** after the market stalled ahead of the critical October base at 1.2832. The market will need to establish back above 1.3296 to strengthen this outlook and accelerate gains, setting up a possible double bottom and bullish resumption. But while the market holds below 1.3296, a deeper drop to test the October 2015 base at 1.2832 should not be ruled out.



- **R2 1.3167** - 28Mar low - Strong
- **R1 1.3147** - 1Apr high - Medium
- **S1 1.2969** - 1Apr low - Medium
- **S2 1.2858** - 31Mar/2016 low- Strong

# USDCAD - fundamental overview

**The Canadian Dollar has held up rather well** of late, in the face of renewed downside pressure in the price of OIL and a very solid monthly employment report out of the US. Perhaps last week's solid Canada GDP print has been helping the Loonie, though it seems, with the market still pricing in a more dovish Fed despite the US employment report, currencies have managed to track close to recent 2016 highs against the Buck. Looking ahead, Monday's economic calendar is rather light, with only the US labor market index and US factory orders standing out.

## NZDUSD – technical overview

Despite gains over the past several days, the market still remains confined to a broader downtrend with rallies continuing to be very well capped ahead of the key psychological barrier at 0.7000. However, a break back below 0.6841 will be required to strengthen the outlook and expose fresh declines towards next key support at 0.6668 further down. Ultimately, only a weekly close above 0.7000 compromises the bearish outlook.



- **R2 0.6967** – 31Mar/2016 high – Very Strong
- **R1 0.6937** – 1Apr high – Medium
- **S1 0.6836** – 1Apr low – Medium
- **S2 0.6716** – 29Mar low – Strong

## NZDUSD – fundamental overview

The New Zealand Dollar continues to track with risk sentiment, with the currency retaining a bid tone near last week's 2016 high, despite a solid US employment report. It seems the market is still comfortable pricing a more dovish Fed after listening to the Fed Chair last week, though additional upsides could prove hard to come by. The New Zealand Dollar 'trade weighted index' is tracking about 3% above where the RBNZ would like it to be and this could invite a fresh round of jawboning from the central bank. Meanwhile, the market is getting ready to take in Tuesday's GDT auction results, which have not been a help to the currency. As far as data for Monday is concerned, there aren't any major releases, with only the US labor market index and US factory orders standing out.



# US SPX 500 - technical overview

This latest multi-day rally is classified as corrective, with any additional upside expected to be well capped below 2100 on a weekly close basis in favour of the next major downside extension below 1800 and towards a measured move at 1500 further down. Ultimately, only a weekly close back above 2100 will delay the bearish outlook.



- **R2 2083.00** - 29Dec high - Strong
- **R1 2077.00** - 4Apr/2016 high - Medium
- **S1 2021.00** - 24Mar low - Strong
- **S2 2004.00** - 15Mar low - Medium

# US SPX 500 - fundamental overview

Investors continue to find comfort in dovish Fed speak, with last Tuesday’s Yellen comments fueling this latest push to fresh 2016 highs even despite Friday’s very solid round of US employment data. But how long investors find comfort in gestures of additional accommodation is an entirely different question and one that could ultimately become more important sooner than later. If the market loses confidence in the ability for exhausted monetary policy gestures to stimulate the economy, or if a fresh set of headwinds emerge, there won’t be much the Fed can do - a distressing prospect even the Fed Chair recognizes.

# GOLD (SPOT) - technical overview

The market continues to show signs of a major structural shift, with the impressive recovery from the multi-year low in late 2015 at 1046, extending above the critical October 2015 peak at 1191. From here, any setbacks should be well supported ahead of 1191, in favour of a higher low and the next major upside extension to medium-term resistance at 1307. Ultimately, only a weekly close back below 1191 would delay the newly adopted constructive outlook.



- **R2 1283.50** - 10Mar/2016 high - Strong
- **R1 1244.10** - 30Mar high - Medium
- **S1 1208.35** - 28Mar low - Medium
- **S2 1191.50** - Previous Resistance - Very Strong

# GOLD (SPOT) - fundamental overview

**GOLD has been very well supported in recent dips**, with the yellow metal finding solid demand in 2016 on the back of fears over the limitations of exhausted monetary policy and broad based currency weakness. But it has been this latest sell-off in the Buck, following dovish Yellen speak that has kept the market supported. Still overall, whether the US Dollar is bid or not is becoming less relevant, with risk sentiment likely to be the primary driver. Any weakness on this front will continue to bolster the yellow metal.

## Feature - technical overview

**USDSGD** is finally poised to turn back up after a period of intense correction. Overall, the structure remains constructive, with current dips seen well supported into the 78.6% fib retrace off the 2015-2016 low to high move at 1.3425. Look for the market to find a meaningful base in the 1.3400s ahead of the next major upside extension. Ultimately, only a weekly close below 1.3400 would compromise the outlook.



- **R2 1.3583** - 30Mar high - Strong
- **R1 1.3551** - 1Apr high - Medium
- **S1 1.3425** - 78.6% Fib Retrace - Strong
- **S2 1.3412** - 31Mar/2016 low - Strong

## Feature - fundamental overview

**Last week's dovish speech from the Fed Chair** has proven to be a major support for emerging market currencies. The Singapore Dollar rallied back to fresh yearly highs in response. Interestingly enough, not even the solid round of Friday US economic data, highlighted by the monthly employment report has done much to dent the Singapore Dollar's rise, with investors still hanging on to emerging market FX on the expectation this won't do anything to alter what looks to be a more dovish normalisation course for the Fed. It is however worth noting that volumes were thinner on Monday with China, Hong Kong and Taiwan closed for holiday.



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