

Thursday, September 15, 2022

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# Global FX Insights

by LMAX Group Research & Analytics

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

## Denial and disbelief 🔊 [Wake-up call](#)

The reality of higher for longer rates doesn't seem to be something the market will be able to get away from in 2022 as much as it tries, and this reality suggests the trend of Dollar strength and equity market weakness could very well continue.

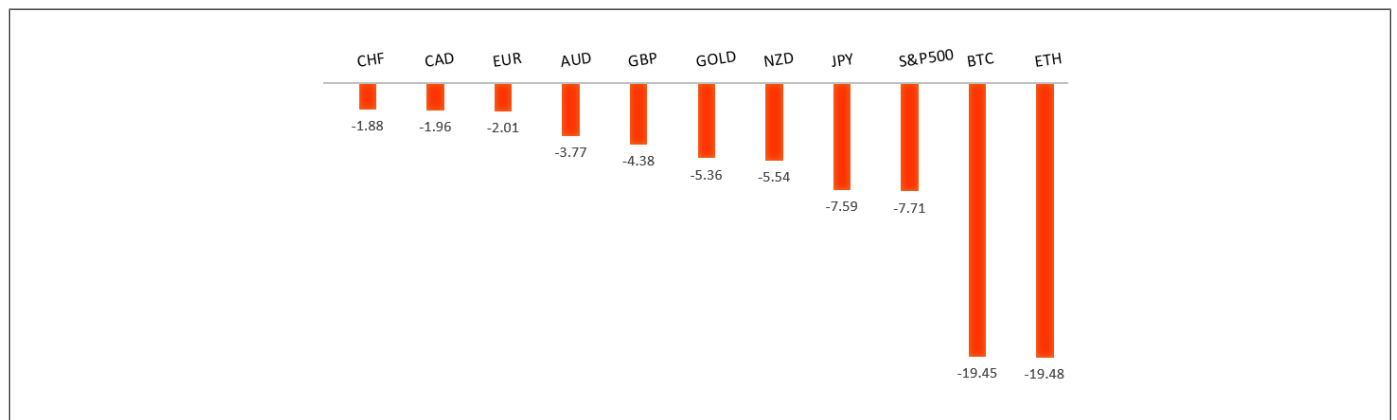
### Technical highlights ▶ [Daily Video](#)

- [EURUSD](#) Battles with parity
- [GBPUSD](#) Trying to find a bottom
- [USDJPY](#) Due for major pullback
- [AUDUSD](#) Lower top sought out
- [USDCAD](#) Signs of meaningful base
- [NZDUSD](#) Extends to fresh yearly low
- [US SPX 500](#) Well capped into rally
- [GOLD \(spot\)](#) Ready for next bullish run

### Fundamental highlights

- [EURUSD](#) Eurozone hit on comments, weak IP data
- [GBPUSD](#) Pound welcomes tamer inflation read
- [USDJPY](#) BOJ checking rates halts Yen decline
- [AUDUSD](#) Aussie employment mostly in line with forecasts
- [USDCAD](#) CAD weakness somewhat offset by steady oil
- [NZDUSD](#) Kiwi can't do much with strong GDP print
- [US SPX 500](#) Inflation headache not going away
- [GOLD \(spot\)](#) Dealers report plenty of demand

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



## Suggested reading

- [Inflation's Terrible, Horrible, No Good, Very Bad Day](#), J. Authers, **Bloomberg** (September 15, 2022)
- [Do Not Mistake Rising Prices For Inflation](#), S. Shepard, **Real Clear Markets** (September 14, 2022)

## EURUSD - technical overview

The market has come under intense pressure in recent months, with setbacks accelerating below the critical multi-year low from 2017 at 1.0340. This has set up a dip below monumental support in the form of parity. At the same time, technical studies are tracking in oversold territory, suggesting additional setbacks should be limited. Back above 1.0500 would be required to take the immediate pressure off the downside.



- **R2 1.0204** - 17 August high - Strong
- **R1 1.0198** - 12 September high - Medium
- **S1 0.9955** - 14 September low - Medium
- **S2 0.9931** - 8 September low - Medium

## EURUSD - fundamental overview

The Euro rally stalled out on Wednesday after the EU's von der Leyen said the European energy market wasn't functioning anymore. We also got a batch of unimpressive Eurozone industrial production, adding more downside pressure on the single currency. Key standouts on Thursday's calendar come from German wholesale prices, Eurozone trade and wage growth, Canada housing starts, US retail sales, New York empire manufacturing, the Philly Fed, US initial jobless claims, US industrial production, and US business inventories.

## EURUSD - Technical charts in detail

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# GBPUSD - technical overview

The market continues to be exceptionally well supported on dips below 1.2000. At the same time, there is now risk for a retest of the multi-year low from 2020 down in the 1.1400 area before we see the formation of a base and the next big push back through 1.2000. Back above 1.1761 takes the immediate pressure off the downside.



- **R2 1.1901**- 26 August low - Strong
- **R1 1.1739** - 13 September high - Strong
- **S1 1.1460** - 8 September low - Medium
- **S2 1.1405** - **2022 low** - **Very Strong**

# GBPUSD - fundamental overview

**Wednesday's round of tamer inflation data** was seen as a relief to the UK economy, which actually helped to support the Pound. Key standouts on Thursday's calendar come from German wholesale prices, Eurozone trade and wage growth, Canada housing starts, US retail sales, New York empire manufacturing, the Philly Fed, US initial jobless claims, US industrial production, and US business inventories.

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## USDJPY - technical overview

Technical studies are looking quite stretched on the longer-term chart, warning of consolidation and correction in the days and weeks ahead. Look for additional upside from here to be well capped into the 145.00 area. Next key support comes in at 140.25.



- **R2 146.00** - Figure - Medium
- **R1 145.00** - 7 September/2022 high - Strong
- **S1 141.50** - 9 September low - Medium
- **S2 140.25** - 6 September low - Strong

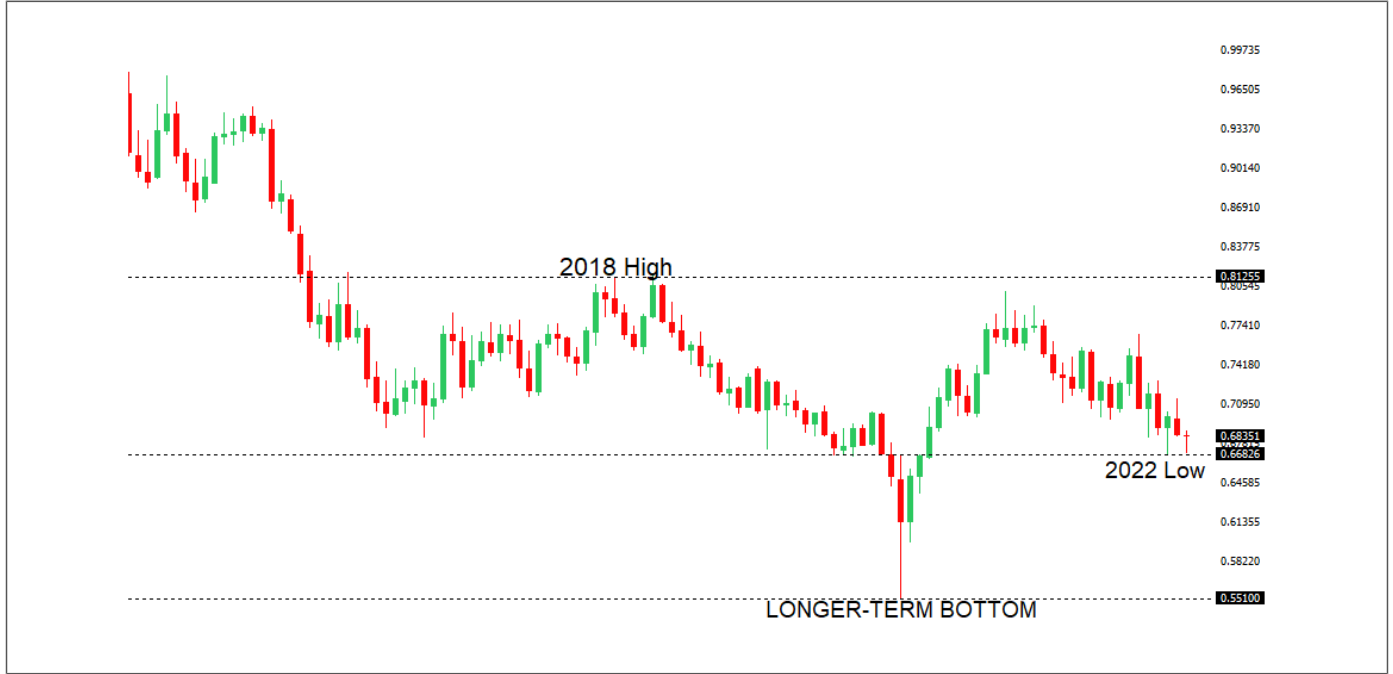
## USDJPY - fundamental overview

The massive monetary policy divergence between the Fed and BOJ continues to drive the direction in this market, though Wednesday reports of the BOJ checking rates was enough to stop the Yen from additional declines. Key standouts on Thursday's calendar come from German wholesale prices, Eurozone trade and wage growth, Canada housing starts, US retail sales, New York empire manufacturing, the Philly Fed, US initial jobless claims, US industrial production, and US business inventories.

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# AUDUSD - technical overview

**Overall pressure remains on the downside** despite the recent recovery and conditions remain quite choppy. A break back above 0.7137 would be required to take the pressure off the downside. Until then, scope exists for a lower top below 0.7284 and deeper setbacks towards 0.6500.



- **R1 0.7137** - 11 August high - Strong
- **R2 0.7010** - 26 August high - Medium
- **S1 0.6699** - 7 September low - Medium
- **S2 0.6682** - 14 July/2022 low - Strong

# AUDUSD - fundamental overview

**Aussie employment data came out earlier today** and was on the whole in line with expectation. With that said, there hasn't been much reaction to the data, with the currency trading on the bigger picture themes. Key standouts on Thursday's calendar come from German wholesale prices, Eurozone trade and wage growth, Canada housing starts, US retail sales, New York empire manufacturing, the Philly Fed, US initial jobless claims, US industrial production, and US 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 1.3500 area. Setbacks should be very well supported down into the 1.2500 area.



- **R2 1.3224** - 14 July/2022 high - Strong
- **R1 1.3209** - 7 September high - Medium
- **S1 1.2964** - 12 September low - Medium
- **S2 1.2895** - 25 August low - Strong

## USDCAD - fundamental overview

The price of oil has held up decently this week, which has perhaps prevented the Canadian Dollar from extending declines more than what we've seen. Ultimately however, with risk off flow playing a central role, there is risk for additional weakness in the Loonie. Key standouts on Thursday's calendar come from German wholesale prices, Eurozone trade and wage growth, Canada housing starts, US retail sales, New York empire manufacturing, the Philly Fed, US initial jobless claims, US industrial production, and US business inventories.

# NZDUSD - technical overview

**Overall pressure remains on the downside** despite the recent recovery and conditions remain quite choppy. A break back above 0.6251 would be required to take the pressure off the downside. Until then, scope exists for deeper setbacks towards 0.5500.



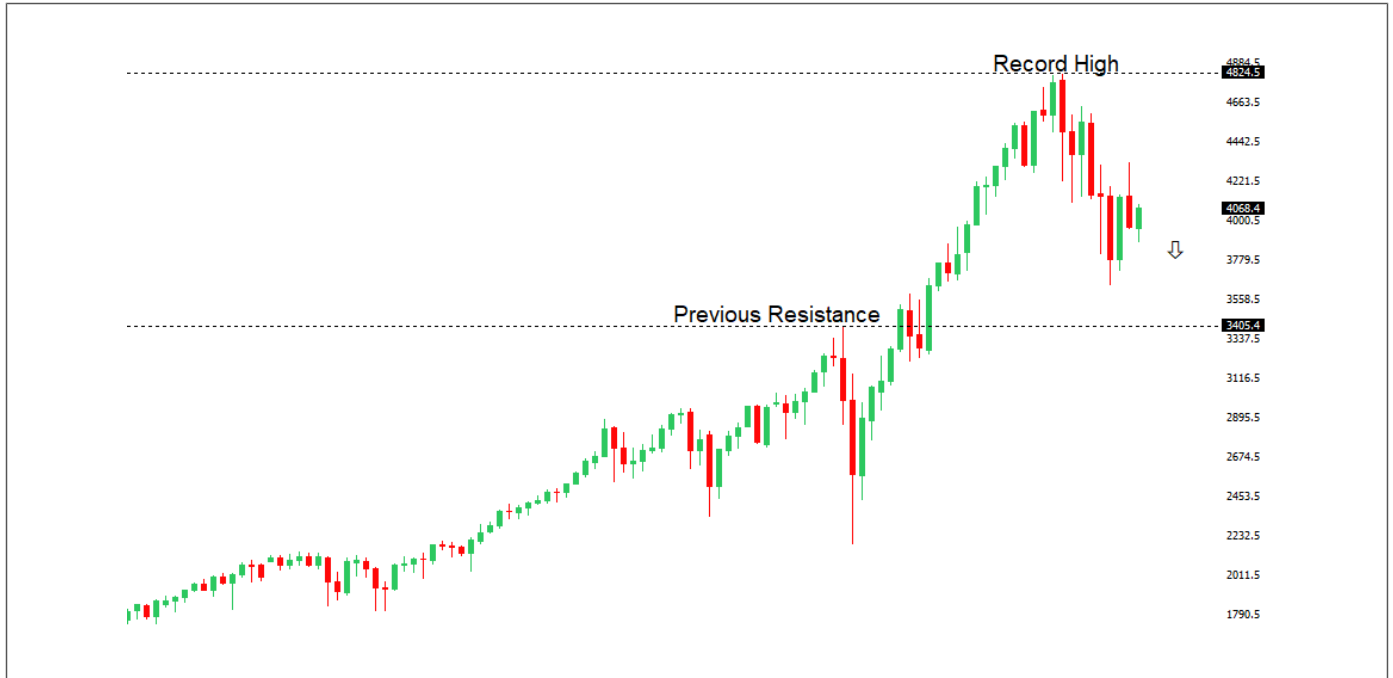
- **R2 0.6353** - 1 August high - Medium
- **R1 0.6251** - 25 August high - Strong
- **S1 0.5983**- 14 September/**2022 low** - Medium
- **S2 0.5900** - Figure - Strong

# NZDUSD - fundamental overview

**The risk correlated New Zealand Dollar has extended** its run of multi-month lows this week, this on the back of the latest downturn in global sentiment in the aftermath of a hotter than expected US CPI print. Earlier today, New Zealand growth data came in better than expected, though this hasn't done much to bolster the currency. Key standouts on Thursday's calendar come from German wholesale prices, Eurozone trade and wage growth, Canada housing starts, US retail sales, New York empire manufacturing, the Philly Fed, US initial jobless claims, US industrial production, and US 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. Back above 4,328 will be required at a minimum to take the immediate pressure off the downside. Next major support comes in around 3,400.



- **R2 4217** - 26 August high - Strong
- **R1 4150** - 13 September high - Medium
- **S1 3884** - 7 September low - Medium
- **S2 3800** - Round Number - Medium

# 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. We have seen an attempt at recovery in recent weeks, with softer CPI reads helping. But overall, we expect inflation to continue to be a problem that results in renewed 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 1700 on a monthly close basis.



- **R2 1880** - 13 June high - Strong
- **R1 1815** - 4 July high - Medium
- **S1 1689** - 1 September low - Medium
- **S2 1681** - 21 July/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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