

Global FX Insights

by LMAX Group Research & Analytics

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

Did the RBA just set the tone for the rest of the week? [Wake-up call](#)

It's been a quiet start to the week and the economic calendar is rather dull. As we highlighted on Monday, we don't expect much to happen until we see what the Fed does when it releases the details of its latest policy decision late tomorrow.

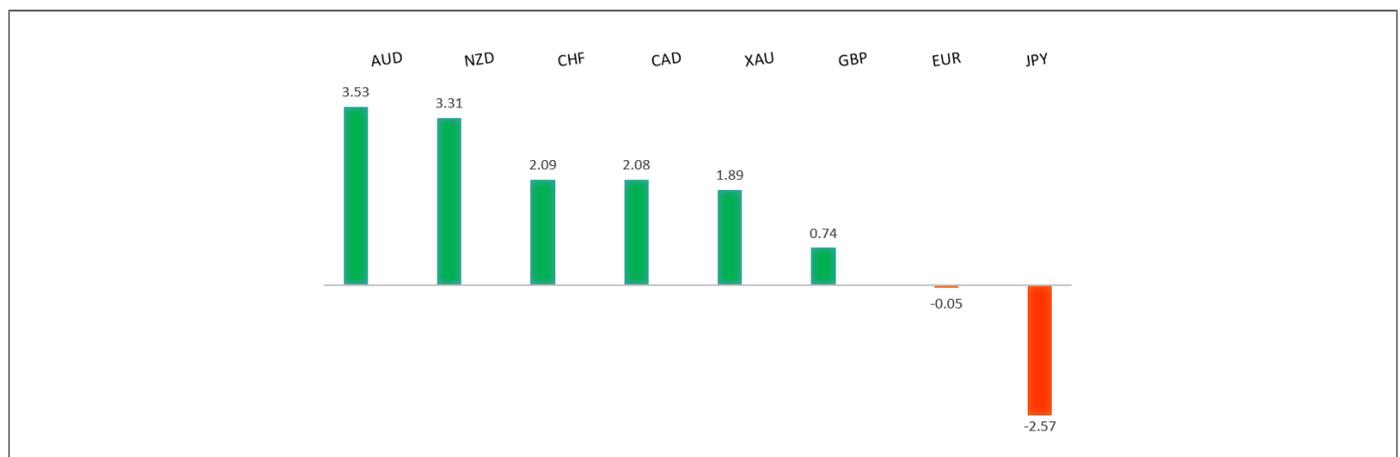
Technical highlights [Daily Video](#)

- [EURUSD](#) Well supported into 1.1500
- [GBPUSD](#) Bullish consolidation
- [USDJPY](#) Expected to roll over
- [AUDUSD](#) Harder resistance ahead
- [USDCAD](#) Higher low sought out
- [NZDUSD](#) Should be well capped
- [US SPX 500](#) Major correction due
- [GOLD](#) (spot) Supported on dips

Fundamental highlights

- [EURUSD](#) Euro ignores German sales miss
- [GBPUSD](#) UK, France in deadlock on fishing
- [USDJPY](#) Japan stocks rally on LDP win
- [AUDUSD](#) RBA decision decidedly less hawkish
- [USDCAD](#) Canada manufacturing data impresses
- [NZDUSD](#) PM Ardern orders retail reopening
- [US SPX 500](#) Stocks vulnerable at record highs
- [GOLD](#) (spot) Dealers report plenty of demand

30 Day Performance vs. US dollar (%)



Suggested reading

- [The Bond Market Is a Powder Keg. Can the Fed Defuse It?](#), J. Chappatta, **Bloomberg** (November 1, 2021)
- [They Used Lessons From 2008 to Navigate 2020 Correction](#), N. Dieker, **Vox** (October 30, 2021)

EURUSD - technical overview

The market has been looking for a higher low since topping out in 2021 up at 1.2350. Ideally, setbacks continue to be well supported above 1.1500 on a weekly close basis in favour of the next major upside extension back through 1.2350 and towards a retest of the 2018 high at 1.2555 further up. Only a weekly close below 1.1500 would force a rethink.



- **R2 1.1756** - 22 September high- Strong
- **R1 1.1693** - 28 October high - Medium
- **S1 1.1535** - 29 October low - Medium
- **S2 1.1525** - 12 October/**2021 low** - Strong

EURUSD - fundamental overview

German retail sales missed badly on Monday, but the Euro didn't care, seemingly more focused on positioning ahead of tomorrow's highly anticipated FOMC event risk. Key standouts on today's calendar come in the form of German and Eurozone manufacturing PMI data, and Canada building permits.

EURUSD - Technical charts in detail

[Watch now](#)

GBPUSD - technical overview

The market is in a consolidation phase in the aftermath of the run to fresh 2021 and multi-month highs. At this stage, additional setbacks should be limited to the 1.3200 area ahead of the next major upside extension towards a retest and break of critical resistance in the form of the 2018 high.



- **R2 1.3913** - 14 September high - Strong
- **R1 1.3835** - 20 October high - Medium
- **S1 1.3642** - 1 November low - Medium
- **S2 1.3600** - Figure - Medium

GBPUSD - fundamental overview

The UK and France are at a deadlock on a fishing dispute and the market is worrying it has been too hawkish with its BOE pricing. These stories have been weighing on the Pound in recent sessions. Key standouts on today's calendar come in the form of German and Eurozone manufacturing PMI data, and Canada building permits.

[Watch now](#)

USDJPY - technical overview

The longer-term trend is bearish despite the recent run higher. Look for additional upside to be limited, with scope for a topside failure and bearish resumption back down towards the 100.00 area. It would take a clear break back above 114.55 to negate the outlook.



- **R2 115.00** - Psychological- Strong
- **R1 114.70** - 20 October/**2021 high** - Medium
- **S1 113.25** - 28 October low - Medium
- **S2 113.00** - 12 October low - Strong

USDJPY - fundamental overview

Japanese stocks reacted favorably to the weekend LDP win, after the party kept an outright majority in the lower house. PM Kishida vowed to act on stimulus and an extra budget that would consider tax breaks for companies that raise wages. Not much action in the Yen, which appears to be in wait and see mode ahead of tomorrow's Fed risk. Key standouts on today's calendar come in the form of German and Eurozone manufacturing PMI data, and Canada building permits.

[Watch now](#)

AUDUSD - technical overview

The Australian Dollar has been in the process of a healthy consolidation following the impressive run towards a retest of the 2018 high earlier this year. At this stage, there are signs of the market wanting to turn back up and any setbacks should be well supported down into the 0.7200 area. Look for a weekly close above 0.7500 to strengthen the outlook and force a shift in the structure.



- **R2 0.7599** - 6 July high - Strong
- **R1 0.7556** - 28 October high - Medium
- **S1 0.7378** - 18 October low - Medium
- **S2 0.7323** - 13 October low - Strong

AUDUSD - fundamental overview

The Australian Dollar has come under pressure in the aftermath of the latest on hold RBA policy decision. Though the central bank went ahead and announced it would be scratching the YCC program, this was largely priced in. What wasn't priced in was the decidedly less hawkish overall communication from the central bank. Specifically, the RBA's new rate guidance is that conditions for a rate hike are "likely to take some time." Key standouts on today's calendar come in the form of German and Eurozone manufacturing PMI data, and Canada building permits.

USDCAD - technical overview

Finally signs of a major bottom in the works after a severe decline from the 2020 high. A recent weekly close back above 1.2500 encourages the constructive outlook and opens the door for a push back towards next critical resistance in the 1.3000 area. Any setbacks should be well supported into the 1.2200s.



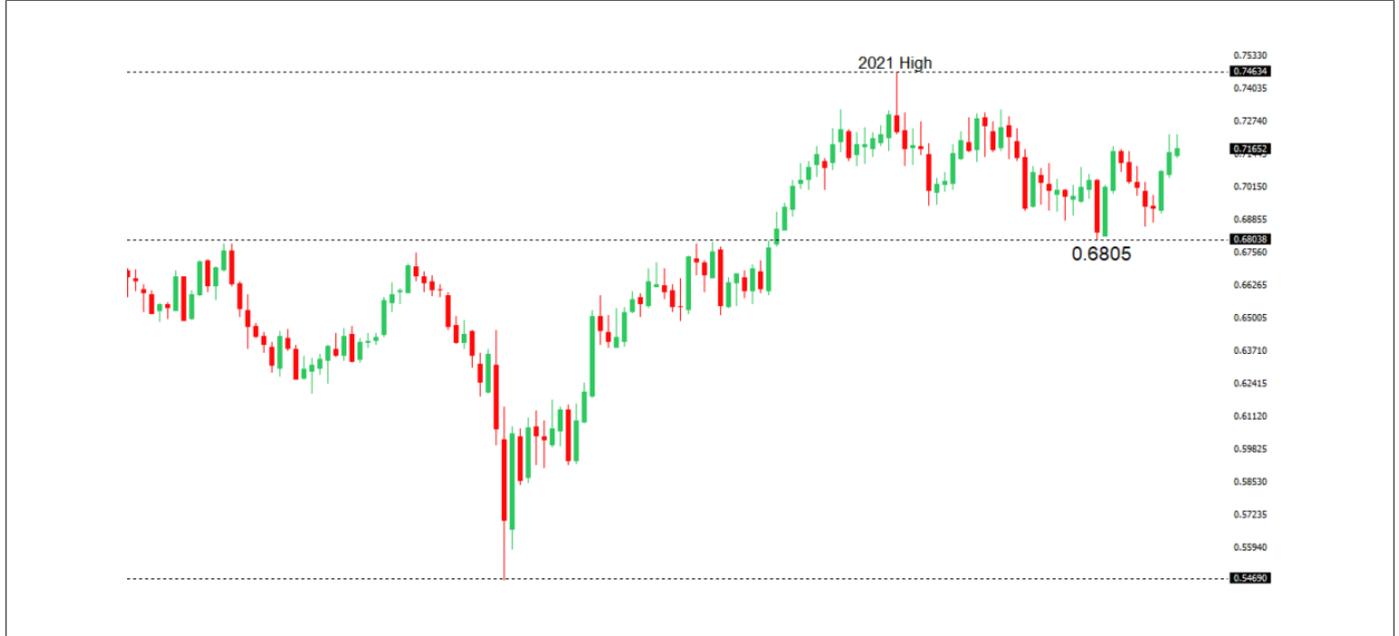
- **R2 1.2499** - 12 October high - Strong
- **R1 1.2432** - 27 October high - Medium
- **S1 1.2288** - 21 October low - Medium
- **S2 1.2252** - 23 June low - Strong

USDCAD - fundamental overview

The Canadian Dollar got off to a solid start to the week, finding some bids on demand for oil and improved Canada manufacturing PMIs. Key standouts on today’s calendar come in the form of German and Eurozone manufacturing PMI data, and Canada building permits.

NZDUSD - technical overview

The market has entered a period of consolidation after running up to a yearly and multi-month high. Back above the April high at 0.7317 would be required to force a shift in the structure.



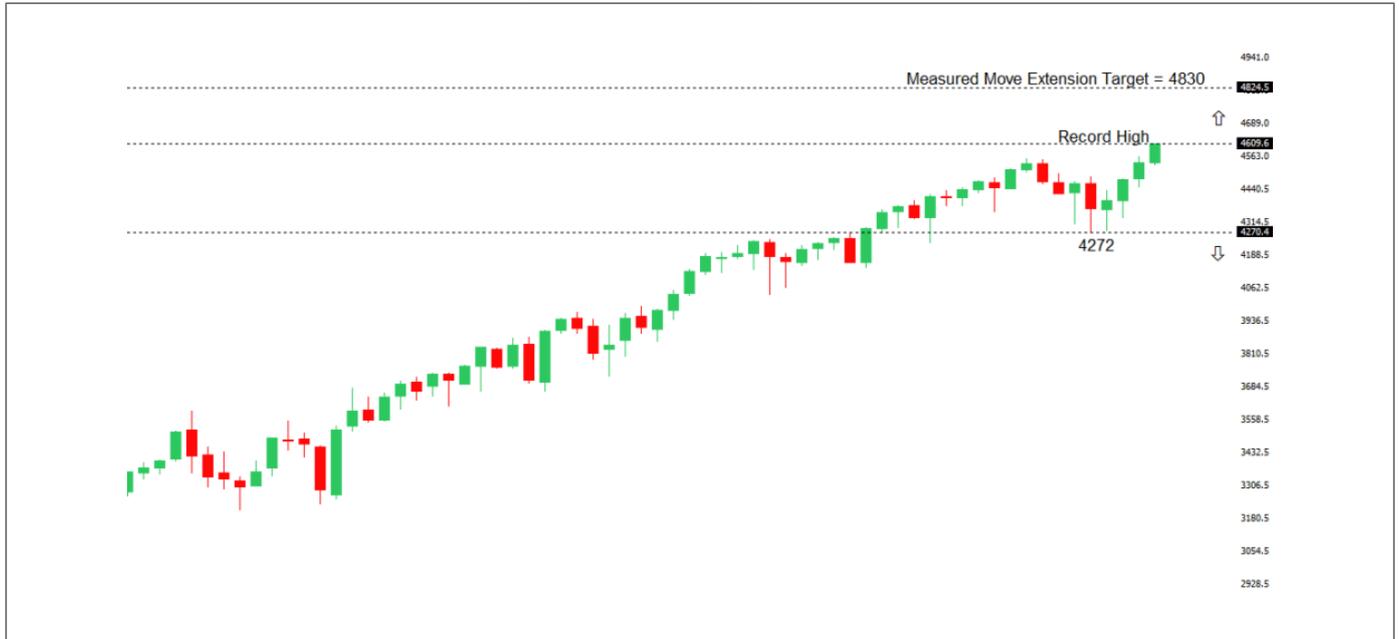
- **R2 0.7300** - Figure - Strong
- **R1 0.7219** - 21 October high - Medium
- **S1 0.7130** - 25 October low - Medium
- **S2 0.7049** - 18 October low - Strong

NZDUSD - fundamental overview

The New Zealand Dollar outperformed in Monday trade, this after PM Ardern ordered the Auckland retail reopening from November 9th. Key standouts on today's calendar come in the form of German and Eurozone manufacturing PMI data, and Canada building permits.

US SPX 500 - technical overview

Longer-term technical studies are looking quite exhausted and the market is showing signs of wanting to roll over after racing to another record high. At the same time, the latest breakout above 4600 introduces the possibility for the next major upside extension through 4800. At this stage, it will take a break back below 4272 to take the immediate pressure off the topside.



- **R2 4650** - Psychological - Strong
- **R1 4629** - 1 November/**Record high** - Medium
- **S1 4500** - Psychological - Medium
- **S2 4482** - 19 October low - Strong

US SPX 500 - fundamental overview

We're trading just off fresh record highs, and yet, with so little room for additional central bank accommodation, given an already depressed interest rate environment, the prospect for sustainable runs to the topside on easy money policy incentives and government stimulus, should no longer be as enticing to investors. Meanwhile, ongoing worry associated with coronavirus fallout and risk of rising inflation should weigh more heavily on investor sentiment in Q4 2021.

GOLD (SPOT) - technical overview

The 2019 breakout above the 2016 high at 1375 was a significant development, opening the door for fresh record highs and an acceleration beyond the next major psychological barrier at 2000. Setbacks should now be well supported above 1600.



- **R2 1917** - 1 June high - Strong
- **R1 1835** - 15 July high - Medium
- **S1 1700** - Round number - Medium
- **S2 1677** - 8 March/2021 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 exhausted monetary policy, extended global equities, and coronavirus fallout. 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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