

Global FX Insights

by LMAX Group Research & Analytics

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

Dollar lower as hawkish bias strengthens abroad 🔊 [Wake-up call](#)

There was a lot more hawkishness out from central banks outside of the US this week than anything we heard from the Fed, and this reality is what helped to share the direction of a lower US Dollar.

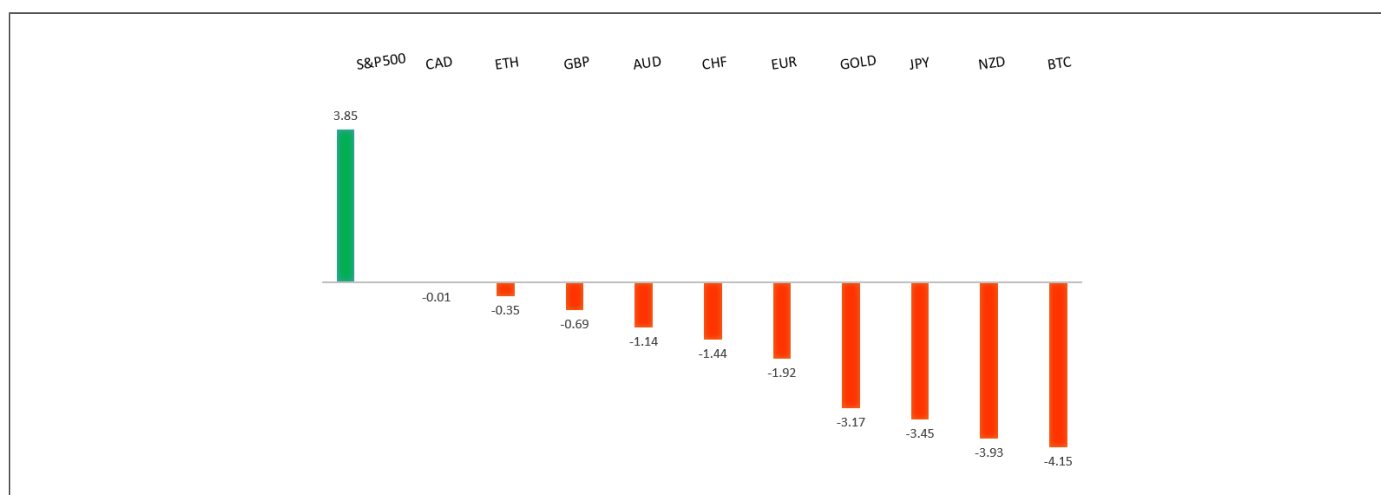
Technical highlights ▶ [Daily Video](#)

- [EURUSD](#) Looking to carve higher low
- [GBPUSD](#) Sights set higher up
- [USDJPY](#) Possible bottom forming
- [AUDUSD](#) Setbacks limited from here
- [USDCAD](#) Strong base into 1.3000
- [NZDUSD](#) Downside pressure persists
- [US SPX 500](#) Additional upside limited
- [GOLD](#) (spot) Higher low sought out

Fundamental highlights

- [EURUSD](#) Eurozone went through technical recession
- [GBPUSD](#) BOE expectations continue to ramp up
- [USDJPY](#) Yen gets minor boost from Japan GDP data
- [AUDUSD](#) Aussie still feeling RBA hike and Lowe speak
- [USDCAD](#) Fitch affirms Canada's rating
- [NZDUSD](#) Concerns about slowing growth in NZ
- [US SPX 500](#) Inflation headache not going away
- [GOLD](#) (spot) Dealers report plenty of demand

30 Day Performance vs. US dollar (%)



Suggested reading

- [Maybe Coinbase Should Never Have Gone Public](#), L. Laurent, **Bloomberg** (June 7, 2023)
- [Return of Iger, 'King of Hollywood'](#), D. Garrahan, **Financial Times** (June 8, 2023)

EURUSD - technical overview

The Euro remains well supported on dips following a run to the topside through 1.1000 earlier this year. Any additional setbacks should be well supported ahead of 1.0500 in favor of the formation of the next major higher low and 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 March 2022 high at 1.1185.



- **R2 1.0832** - 22 May high - Medium
- **R1 1.0787** - 8 June high - Medium
- **S1 1.0635** - 31 May low - Medium
- **S2 1.0613** - 17 February low - Strong

EURUSD - fundamental overview

The Euro has just posted a 2 week high even after slipping into a mild technical recession this past winter as per recent GDP data. Unemployment data was unchanged, while household consumption was on the rise. Meanwhile, ECB officials continued to talk hawkish, which was most likely the big driver behind euro demand. Key standouts on Friday's calendar come from some ECB speak and Canada employment data.

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 1.2000. Next key resistance comes in at 1.2680.



- **R2 1.2600** - Figure - Medium
- **R1 1.2564** - 9 June high - Medium
- **S1 1.2308** - 25 May low - Medium
- **S2 1.2275** - 3 April low - Strong

GBPUSD - fundamental overview

The Pound has traded up to a 4 week high on ramped up hawkish BOE expectations and a rise in RICS house prices. Key standouts on Friday's calendar come from some ECB speak and Canada employment data. [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 141.00** - Figure - Strong
- **R1 140.94** - 30 May/2023 high - Medium
- **S1 138.43** - 1 June low - Medium
- **S2 137.29** - 18 May low - Medium

USDJPY - fundamental overview

Japan GDP came in better than expected, which may have helped to open some demand for the Japanese currency on Thursday. But overall, asset managers are joining hedge funds in increasing bearish Yen bets on speculation the BOJ won't be moving any time soon to adjust ultra loose monetary policy. Any Yen upside is therefore expected to be met with renewed selling interest. Key standouts on Friday's calendar come from some ECB speak and Canada employment data.

[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. Next key resistance comes in at 0.7284. Setbacks should continue to be well supported in the 0.6500 area. Only a monthly close below 0.6500 would give reason for rethink.



- **R1 0.6800** - Figure - Medium
- **R2 0.6719**- 8 June high - Medium
- **S1 0.6579** - 5 June low - Medium
- **S2 0.6458** - 31 May/2023 low - Strong

AUDUSD - fundamental overview

A surprise RBA rate hike and more hawkish talk from RBA Lowe has supported the Australian Dollar this week, even in the face of some softer economic data in the form of GDP and trade. Key standouts on Friday’s calendar come from some ECB speak and Canada employment data.

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.



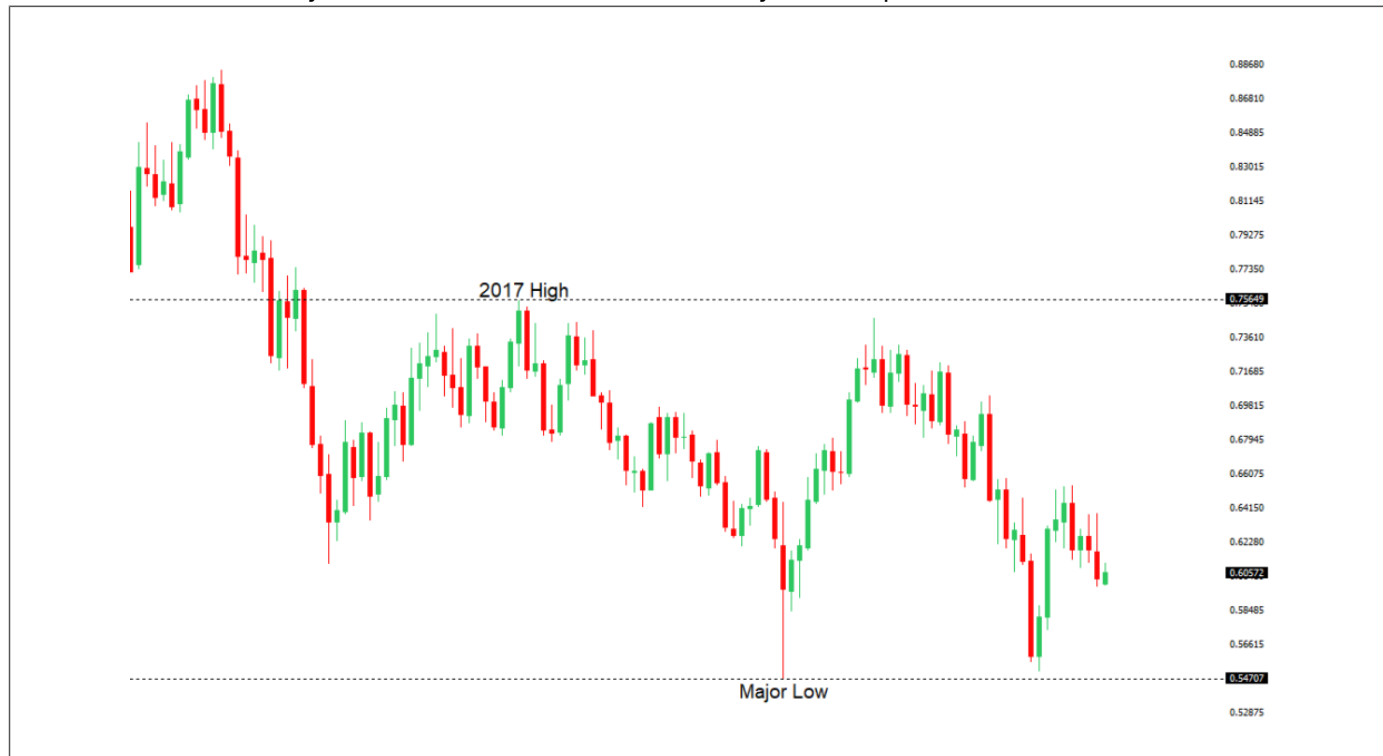
- **R2 1.3568** - 15 May high - Strong
- **R1 1.3462** - 5 June high - Medium
- **S1 1.3320** - 7 June low - Medium
- **S2 1.3301** - 14 April low- Strong

USDCAD - fundamental overview

Fitch affirmed Canada's AA+ rating and the Canadian Dollar remained in demand post this week's BoC rate hike and accompanying hawkish speak. Key standouts on Friday's calendar come from some ECB speak and Canada employment data.

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. A monthly close below 0.6000 would intensify bearish price action.



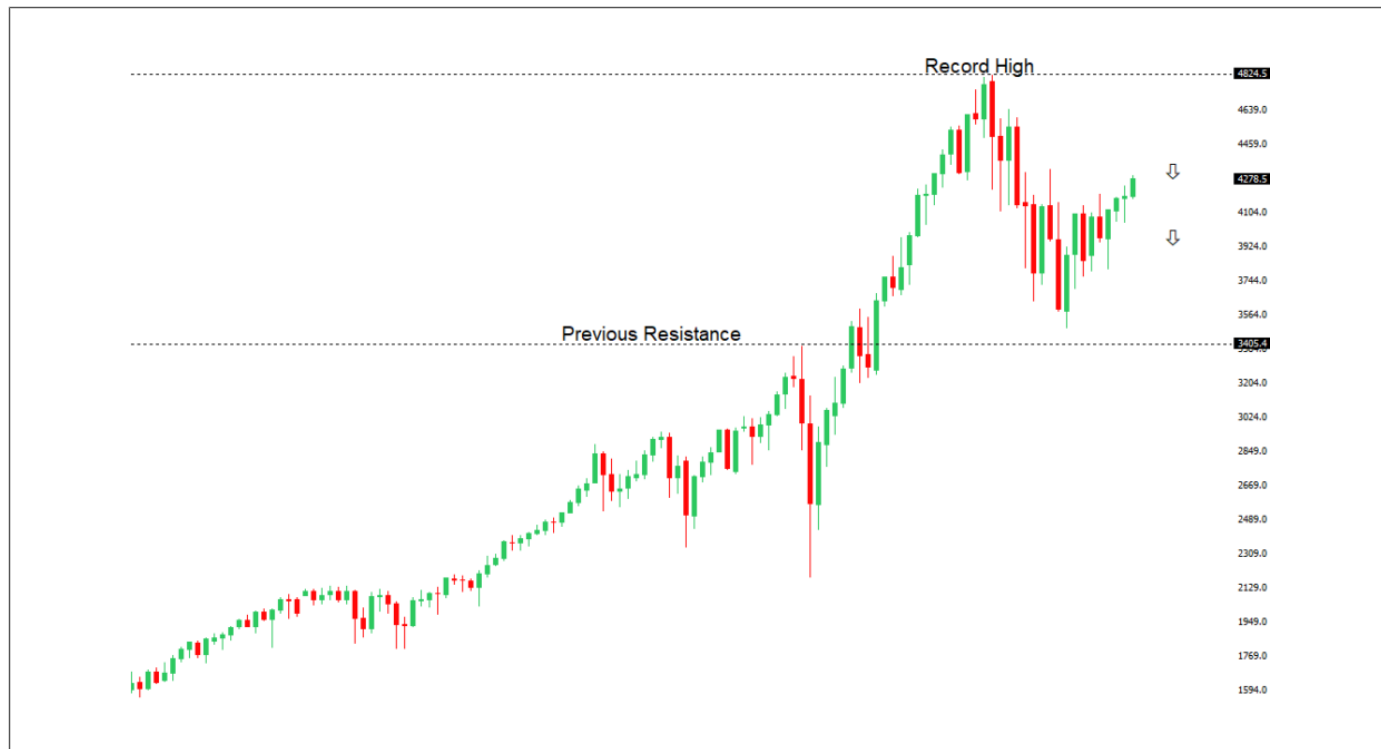
- **R2 0.6257** - 24 May high - Medium
- **R1 0.6114** - 25 May high - Medium
- **S1 0.5985** - 31 May/**2023 low** - Medium
- **S2 0.5969** - 11 November low - Medium

NZDUSD - fundamental overview

Concerns over slowing growth in New Zealand have resulted in a lagging New Zealand Dollar that has also been weighed down by expectations the RBNZ will be leaning more towards accommodation, all while other central banks continue to lean more hawkish. This week's round of softer NZ economic data only reaffirms this outlook. Key standouts on Friday's calendar come from some ECB speak and Canada employment data.

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 4049.



- **R2 4302** - 5 June/2023 high - Strong
- **R1 4300** - Round number - Medium
- **S1 4168** - 31 May low - Medium
- **S2 4106** - 24 May 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 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 2100, above which opens the next extension towards 2,500.



- **R2 2100** - Round Number - Strong
- **R1 2076** - Record high/2020 - Strong
- **S1 1932** - 30 May low - Medium
- **S2 1900** - Round Number - 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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