

Global FX Insights

by LMAX Group Research & Analytics

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

Euro surge triggers widespread USD decline [Wake-up call](#)

The news of the Ukraine advance on Russian forces has unquestionably bolstered European and global sentiment by extension. This has led to more currency demand against the Buck and more buying of stocks.

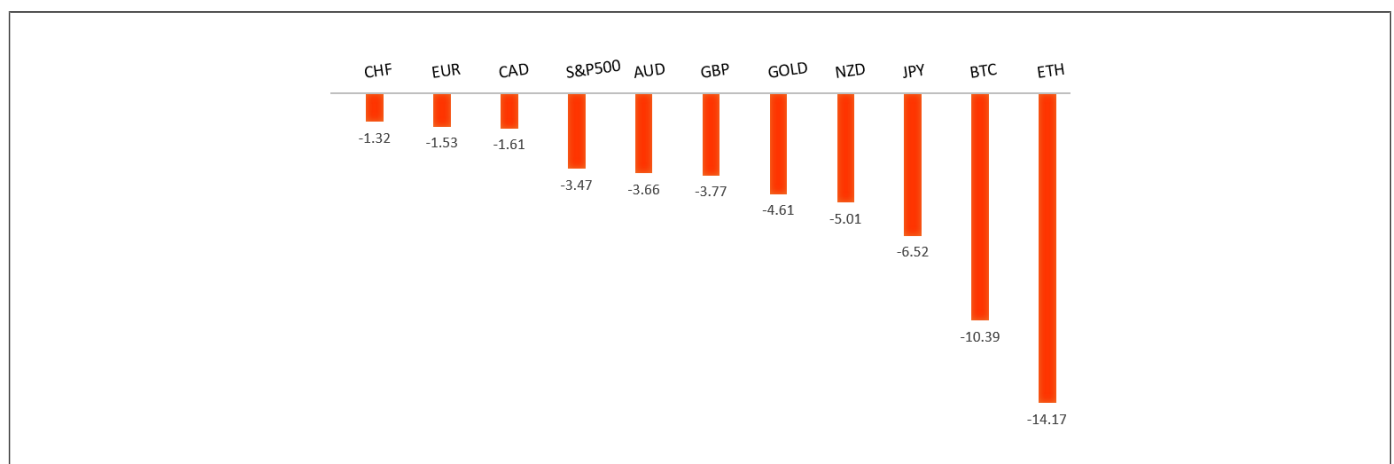
Technical highlights [Daily Video](#)

- [EURUSD](#) Rushes back above parity
- [GBPUSD](#) Anticipated correction underway
- [USDJPY](#) Parabolic run triggers reversal
- [AUDUSD](#) Lower top sought out
- [USDCAD](#) Signs of meaningful base
- [NZDUSD](#) Bounces off yearly low
- [US SPX 500](#) Rally seen as short-lived
- [GOLD](#) (spot) Ready for next bullish run

Fundamental highlights

- [EURUSD](#) Euro runs higher on Ukraine offensive
- [GBPUSD](#) Pound shrugs off soft economic data
- [USDJPY](#) BOJ Kuroda out with FX jawboning
- [AUDUSD](#) Aussie boosted on commodities rally
- [USDCAD](#) Loonie underperforms relative to peers
- [NZDUSD](#) **NZIER downgrades** economic outlook
- [US SPX 500](#) Inflation headache not going away
- [GOLD](#) (spot) Dealers report plenty of demand

30 Day Performance vs. US dollar (%)



Suggested reading

- [How the Ukraine Offensive Will Shift the Market Narrative](#), J. Authers, **Bloomberg** (September 13, 2022)
- [Breaking Into the Livestream Shopping Market](#), D. Lee, **Financial Times** (September 12, 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 0.9995** - 9 September low - Medium
- **S2 0.9931** - 8 September low - Medium

EURUSD - fundamental overview

The Euro has continued to extend its recovery, getting a big boost from news of the Ukraine offensive. Meanwhile, also helping matters has been the ongoing onslaught of hawkish ECB speak. Key standouts on Tuesday's calendar come from German inflation, UK employment, Eurozone and German ZEW reads, and US CPI.

EURUSD - Technical charts in detail

[Watch now](#)

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 1.1761** - 30 August high - Strong
- **S1 1.1444** - 5 September/**2022 low** - Medium
- **S2 1.1405** - **2022 low** - Very Strong

GBPUSD - fundamental overview

The Pound is really doing a better job these days, keeping pace with the Euro recovery, despite Monday's run of softer UK industrial production and construction data. Key standouts on Tuesday's calendar come from German inflation, UK employment, Eurozone and German ZEW reads, and US CPI.

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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

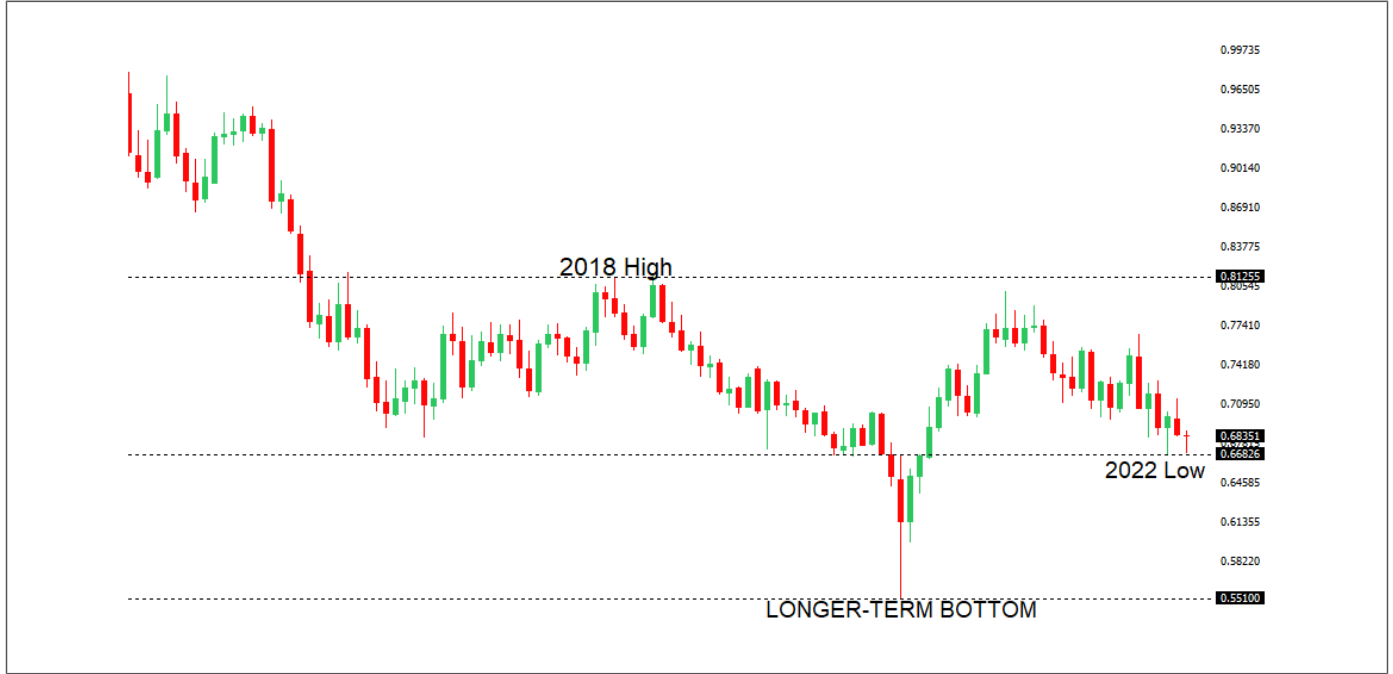
USDJPY - fundamental overview

It seems the combination of recent comments from BOJ Kuroda that a rapid weakening in the Yen was undesirable, and last week's meeting between the BOJ, MoF, and FSA, have finally helped to inspire some profit taking on Yen shorts. We've also seen broad based selling in the US Dollar. Key standouts on Tuesday's calendar come from German inflation, UK employment, Eurozone and German ZEW reads, and US CPI.

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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

The rebound in China property, rally in commodities, and recovery in US equities, have all helped to inspire upside in the Australian Dollar. Key standouts on Tuesday’s calendar come from German inflation, UK employment, Eurozone and German ZEW reads, and US CPI.

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

Though the Canadian Dollar has been stronger against the Buck in recent sessions, it has underperformed against its peers on the back of a round of softer economic data out of Canada. Key standouts on Tuesday's calendar come from German inflation, UK employment, Eurozone and German ZEW reads, and US CPI.

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.



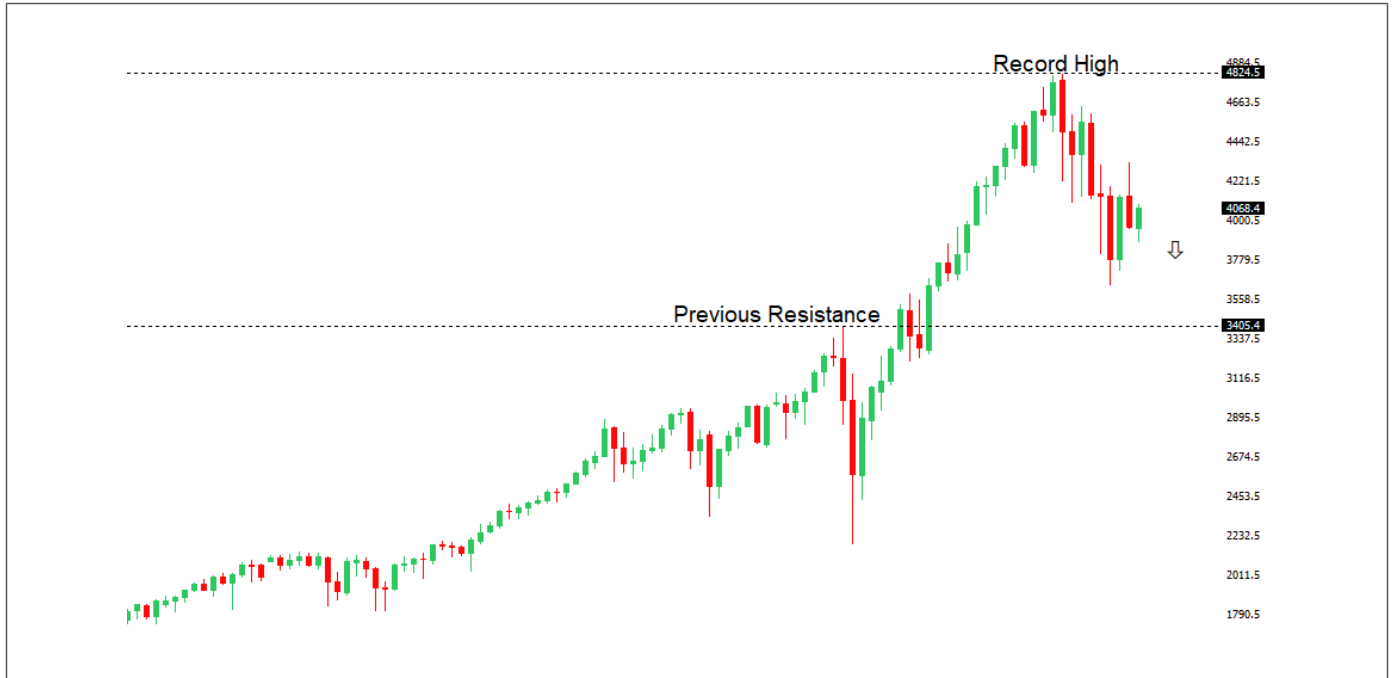
- **R2 0.6353** - 1 August high - Medium
- **R1 0.6251** - 25 August high - Strong
- **S1 0.5996**- 7 September/**2022 low** - Medium
- **S2 0.5900** - Figure - Strong

NZDUSD - fundamental overview

A round of profit taking on US Dollar longs and a recovery in US equities have helped to inspire a well needed bounce in the New Zealand Dollar out from last week's fresh yearly low. Into Tuesday, gains have been somewhat capped on the news of the NZIER downgrade of New Zealand growth. Key standouts on Tuesday's calendar come from German inflation, UK employment, Eurozone and German ZEW reads, and US CPI.

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 4125** - 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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