

Global FX Insights

by LMAX Group Research & Analytics

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

Everything AND the kitchen sink 🗣️ [Wake-up call](#)

A nice 1-2 punch combination out of the US, has done a good job propping investor sentiment back up. That 1-2 punch combination has come in the form of the Fed's commitment of unlimited QE, and the US government's \$2 trillion stimulus package.

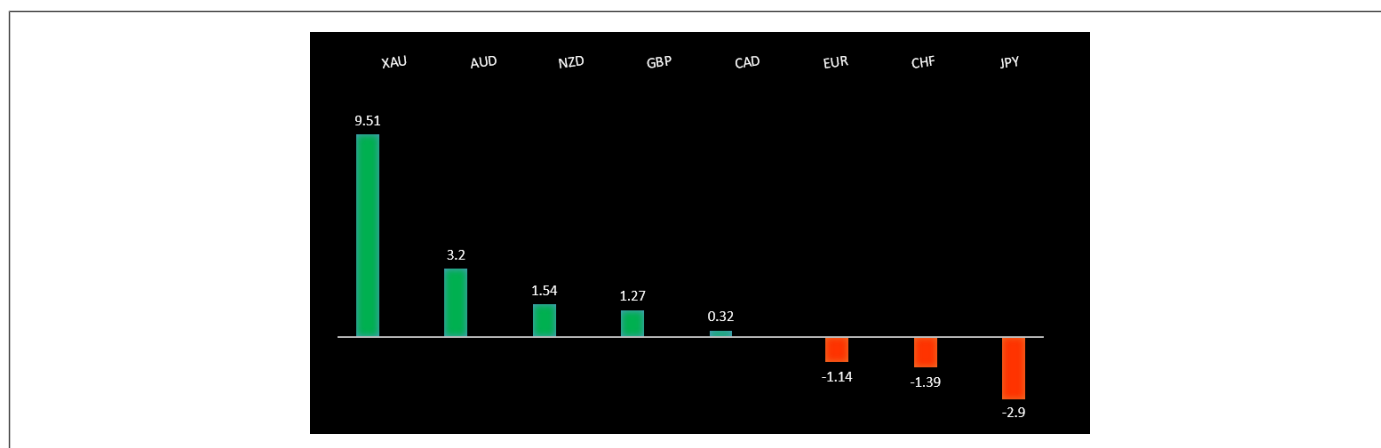
Technical highlights 📺 [Daily Video](#)

- [EURUSD](#) Still looking for major higher low
- [GBPUSD](#) Correcting from deeply oversold levels
- [USDJPY](#) Confined to a large choppy triangle range
- [EURCHF](#) Comes into major psychological support
- [AUDUSD](#) Looking to turn back up off major low
- [USDCAD](#) Signs of bearish reversal
- [NZDUSD](#) Studies unwinding from oversold
- [US SPX 500](#) Lower top sought ahead of next drop
- [GOLD](#) (spot) Outlook remains constructive
- [BTCUSD](#) Expected to hold up above 2018 low
- [ETHUSD](#) Additional declines should be limited

Fundamental highlights

- [EURUSD](#) German IFO reads digested
- [GBPUSD](#) UK inflation data taken in
- [USDJPY](#) BOJ summary fails to shed new light
- [EURCHF](#) **SNB policy** runs into tough times
- [AUDUSD](#) Australia bans overseas travel
- [USDCAD](#) OIL recovering off the lows
- [NZDUSD](#) RBNZ QE kicks into gear
- [US SPX 500](#) Fed QE, US stimulus inspire bounce
- [GOLD](#) (spot) Pick up in hard asset demand
- [BTCUSD](#) Bitcoin feels heat of global turmoil
- [ETHUSD](#) Ether exposed to traditional markets

5 Day Performance vs. US dollar



Suggested reading

- [Gold Faces Historic Squeeze on Coronavirus Fallout](#), J. Farchy, **Bloomberg** (March 24, 2020)
- [The Upsides of a Global Pandemic](#), U. Haque, **Medium** (March 20, 2020)

EURUSD - technical overview

A higher low is now sought out above the multi-year low from 2017, ahead of the next major upside extension. Look for the major pair to be well supported into dips ahead of the next big run towards the 2019 high at 1.1570. Ultimately, only a weekly close below 1.0700 would compromise this outlook.



- **R2 1.0982** - 19 March high - Strong
- **R1 1.0888** -24 March high - Medium
- **S1 1.0638** - 20 March/2020 low - Medium
- **S2 1.0600** - Figure - Strong

EURUSD - fundamental overview

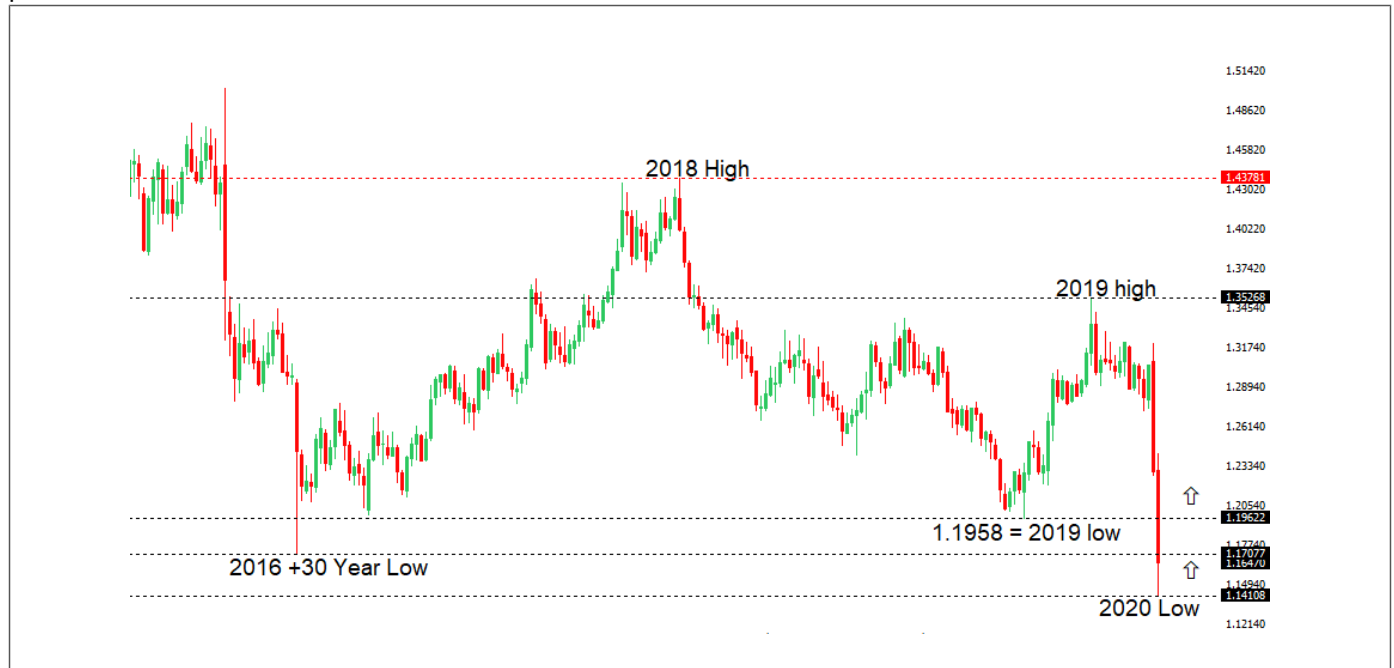
A 750 billion Euro package out of Germany, has been overshadowed by the Fed’s signaling of unlimited QE efforts and new lending programs to support companies hurting from the shutdown of the US economy. This latest move over at the Fed has translated to Euro demand, with US Dollar yield differentials suffering from the Fed gesture. Key standouts on Wednesday’s calendar come in the form of German IFO reads, UK inflation data and US durable goods orders.

EURUSD - Technical charts in detail

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GBPUSD - technical overview

The price has accelerated to the downside, with the market trading to a 35 year low below 1.1500. Technical studies are now severely extended and warn of an aggressive bounce at a minimum. A push back above 1.2000 over the coming days will encourage prospect for the establishment of a longer-term base and potential double bottom.



- **R2 1.2130** - 18 March high - Strong
- **R1 1.1934** - 20 March high - Medium
- **S1 1.1500** - Psychological- Medium
- **S2 1.1410** - 20 March/+30 year low - Strong

GBPUSD - fundamental overview

The Pound has come back into favour, with the currency recovering from +30 year lows against the Buck. The recovery has been spurred on by the Fed's latest move, in which the central bank committed to an unlimited amount of QE. Meanwhile, in the UK, Boris Johnson has stepped up measures to contain the coronavirus outbreak, calling a national emergency and declaring a state of lockdown, which will be enforced by police. Chancellor Sunak is expected to unveil a bill to fund a potential GBP 350b emergency rescue package of loans and grants to businesses and workers affected by the shutdown. Key standouts on Wednesday's calendar come in the form of German IFO reads, UK inflation data and US durable goods orders.

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USDJPY - technical overview

We're seeing a pickup in volatility in the major pair, with the market swinging wildly through the upper and lower bound of a massive triangle. Still, there is no clear direction insight, with rallies well capped above 110.00 and dips well supported below 104.00.



- **R2 112.23** - 20 February/2020 high - Strong
- **R1 111.72** - 24 March high - Medium
- **S1 107.85** - 19 March high - Medium
- **S2 106.76** - 18 March low - Strong

USDJPY - fundamental overview

News the US had reached an agreement on the \$2 trillion stimulus package has continued to prop up risk markets, with the major pair finding demand on the development as well. However, there continues to be offers into rallies on the US Dollar bearish Fed move of unlimited QE. The summary of BOJ opinions was out, but didn't shed much in the way of any new light on the latest decision maintain the yield curve target and size of bond purchases. Key standouts on Wednesday's calendar come in the form of German IFO reads, UK inflation data and US durable goods orders.

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EURCHF - technical overview

The market remains very well capped into offers and the medium-term picture continues to favour the downside. A break back above 1.0710 would be required to take the immediate pressure off the downside. Technicals are however looking extended and the market should be well supported ahead of 1.0500.



- **R2 1.0834** - 13 January high - Medium
- **R1 1.0710** - 3 March high - Strong
- **S1 1.0524** - 20 March/2020 low - Medium
- **S2 1.0500** - Psychological - Strong

EURCHF - fundamental overview

The SNB remains uncomfortable with Franc appreciation and continues to remind the market it will need to be careful about any attempts at trying to force an appreciation in the currency. But the SNB will also need to be careful right now, as its strategy to weaken the Franc is facing headwinds from a less certain global outlook, and from a US administration that has put Switzerland on its currency manipulator watchlist. Any signs of risk liquidation in 2020, will likely invite a very large wave of demand for the Franc that will put the SNB in the more challenging position of needing to back up its talk with action, that ultimately, may not prove to be as effective as it once was, given where we're at in the monetary policy cycle.

AUDUSD - technical overview

Aussie has recently extended declines to its lowest levels against the Buck since 2003. At the same time, technical studies are looking stretched and any additional setbacks below 0.5500 should be a difficult task, at least over the coming months. Back above the December 2019 high at 0.7032 would however be required to take the immediate pressure off the downside.



- **R2 0.6326** - 13 March high - Strong
- **R1 0.6100** - Figure - Medium
- **S1 0.5811** - 24 March low - Medium
- **S2 0.5507** - 19 March/2020 low - Strong

AUDUSD - fundamental overview

The Australian Dollar is getting more boost into Wednesday, as the US pushes through the \$2 trillion stimulus plan, with the news bolstering risk sentiment. Aussie had already been benefiting from the USD bearish yield differential implication of the Fed commitment to unlimited QE. The Australian government has tightened up coronavirus lockdown measures, while banning overseas travel. Key standouts on Wednesday’s calendar come in the form of German IFO reads, UK inflation data and US durable goods orders.

USDCAD - technical overview

The market has continued to be well supported on dips, extending its run to fresh multi-month highs. The recent push back above the 2017 high now exposes the next upside extension towards a retest of massive resistance in the form of the 2016 high at 1.4690. Corrections are in order given recent moves, but look for setbacks to be well supported ahead of 1.3500.



- **R2 1.4668** - 19 March/2020 high - Strong
- **R1 1.4560** - 23 March high - Medium
- **S1 1.4300** - Figure - Medium
- **S2 1.4150** - 20 March low - Strong

USDCAD - fundamental overview

The Canadian Dollar is enjoying some recovery this week, with the currency getting help from an improvement in risk appetite from all of the global stimulus, along with the Fed's aggressive commitment to an unlimited supply of QE. OIL has also stabilised for the time being, while Monday's Canada wholesale sales data saw an impressive jump from the previous print. Key standouts on Wednesday's calendar come in the form of German IFO reads, UK inflation data and US durable goods orders.

NZDUSD - technical overview

There's a case to be made for a meaningful bottom, with the market looking quite extended as it dips below major psychological support at 0.5500. As such, look for setbacks to be well supported in the days ahead, in anticipation of sharp rebound. Only a weekly close below 0.5500 would give reason for rethink. Back above 0.6500 however, would be required to take the immediate pressure off the downside.



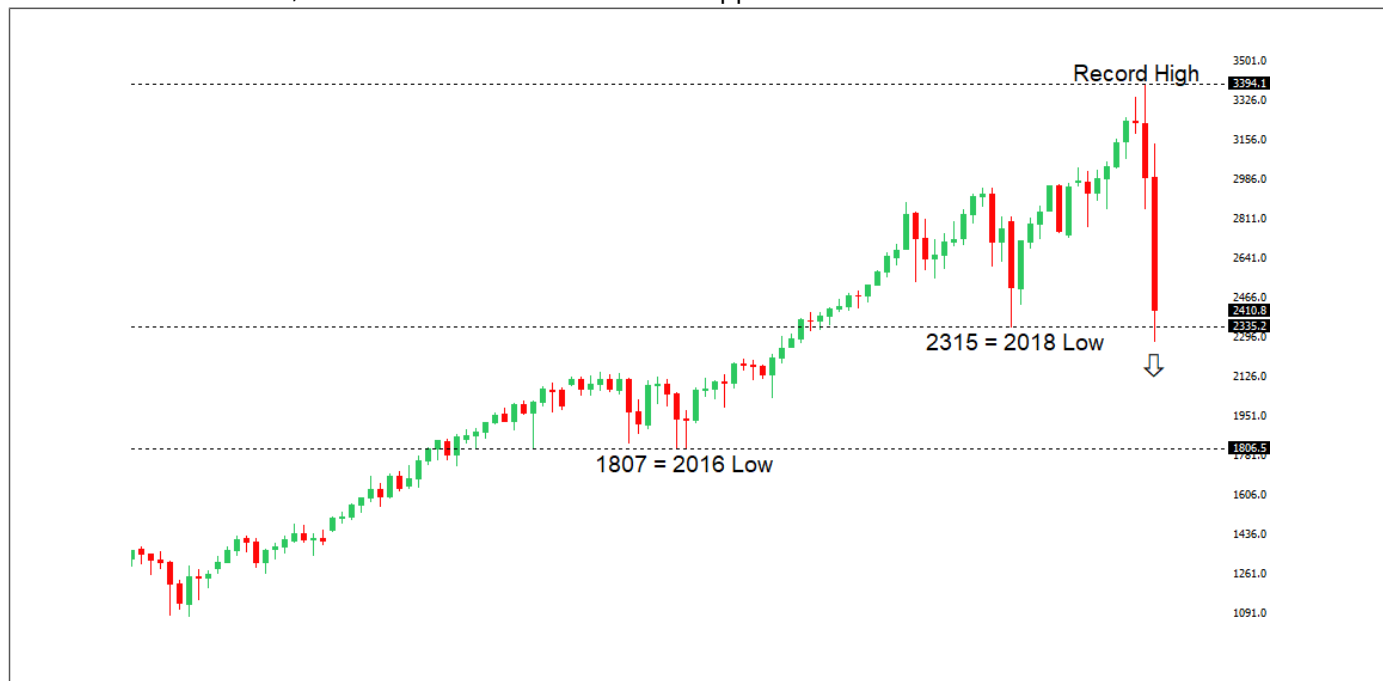
- **R2 0.5969** - 18 March high - Strong
- **R1 0.5917** - 19 March high - Medium
- **S1 0.5681** - 24 March low - Medium
- **S2 0.5469** - 19 March/2020 low - Strong

NZDUSD - fundamental overview

The New Zealand Dollar is getting more boost into Wednesday, as the US pushes through the \$2 trillion stimulus plan, with the news bolstering risk sentiment. Kiwi had already been benefiting from the USD bearish yield differential implication of the Fed commitment to unlimited QE. All of this overshadowed the RBNZ's first round of QE purchases to the amount of NZD250 million. Key standouts on Wednesday's calendar come in the form of German IFO reads, UK inflation data and US durable goods orders.

US SPX 500 - technical overview

Setback have been intense as the market puts in a longer-term top. The market has collapsed through the 2018 low, with the next major support coming in at the 2016 low around 1800. Extended readings warn of a corrective bounce, but rallies should now be well capped ahead of 2800.



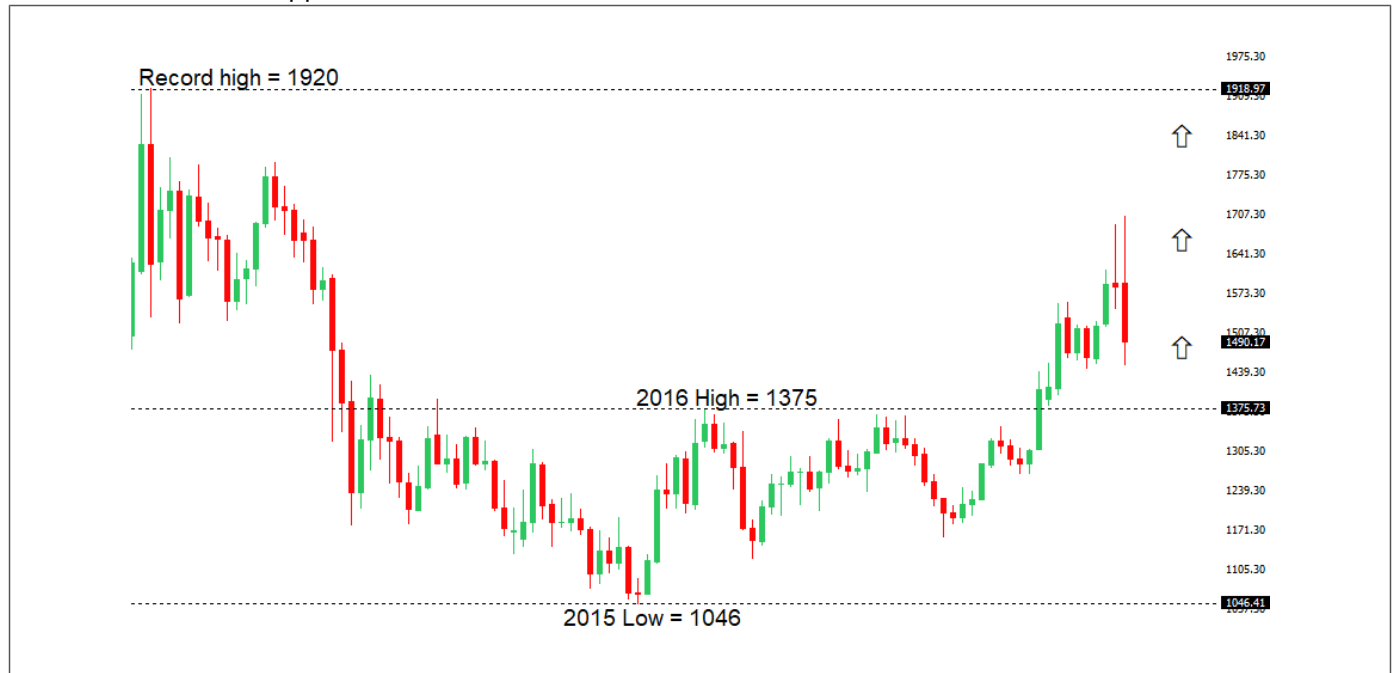
- **R2 2774** - 12 March high - Strong
- **R1 2510** - 20 March high - Medium
- **S1 2182** - 23 March/**2020 low** - Medium
- **S2 2100** - Round number - Strong

US SPX 500 - fundamental overview

Although we've seen attempts at recovery in response to unlimited QE from the Fed and a \$2 trillion US stimulus package, with so little room for additional central bank accommodation, given an already depressed interest rate environment, the prospect for additional runs to the topside, on easy money policy incentives and government stimulus, should no longer be as enticing to investors. Meanwhile, tension on the global trade front, geopolitical risk, and ongoing worry associated with coronavirus fallout, should weigh more heavily on investor sentiment in 2020.

GOLD (SPOT) - technical overview

The 2019 breakout above the 2016 high at 1375 was a significant development, and suggests the market is in the early stages of a bullish move that follows a multi-month consolidation. The next major level of resistance comes in around 1800 (measured move extension target), while in the interim, look for any setbacks to be well supported above 1500.



- **R2 1800** - Measured move target - Strong
- **R1 1703** - 9 March/2020 high - Strong
- **S1 1451**- 16 March/2020 low - Strong
- **S2 1400** - Psychological - 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, political uncertainty, coronavirus fallout, systemic risk and trade war threats. 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.

BTCUSD - technical overview

Setbacks should be very well supported ahead of the 2018 low, with a higher low sought out in favour of a bullish continuation back above the 2019 high and towards the record high from late 2017 further up. Ultimately, only a weekly close below 5,000 would compromise the constructive outlook. Back above 10,500 further encourages the bullish prospect.



- **R2 10,477**- 9 February/**2020 high** - Strong
- **R1 6,907** - 20 March high - Medium
- **S1 3,995** - 13 March/**2020 low**- Strong
- **S2 3,215** - **2018 low** - Strong

BTCUSD - fundamental overview

Bitcoin is finally feeling the impact of global macro pressures, with the new currency falling victim to broad based risk liquidation. However, despite the recent slide, there continues to be good demand from players looking out to the medium and longer term, who see Bitcoin as a safe haven, store of value asset.

BTCUSD - Technical charts in detail

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ETHUSD - technical overview

The market is in the process of attempting to establish a meaningful base after stalling out in the latter half of 2019. Look for setbacks to be well supported above the 2018 low, in favour of another big bounce, eventually back towards and through the 2019 high up at 363.



- **R2 200** - Psychological - Strong
- **R1 153** - 20 March high - Medium
- **S1 100** - Psychological - Strong
- **S2 90** - 13 March/ **2020 low** - Strong

ETHUSD - fundamental overview

While there is plenty of Ether demand built up, with so much optimism around prospects for the blockchain, given all of the development going on in the decentralised finance space, macroeconomics will likely play a negative role in 2020, with Ether expected to underperform in a risk off backdrop, in light of Ethereum's higher sensitivity and correlation with risk themes.



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