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Global FX Insights

by LMAX Group Research & Analytics

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

Holiday thin Monday 🗣️ [Wake-up call](#)

Slower growth and rising inflation are two major drivers of price action in global markets right now. And that resulting price action has seen the US Dollar much higher and stocks much lower. Not helping matters was weak guidance out from Amazon and Apple.

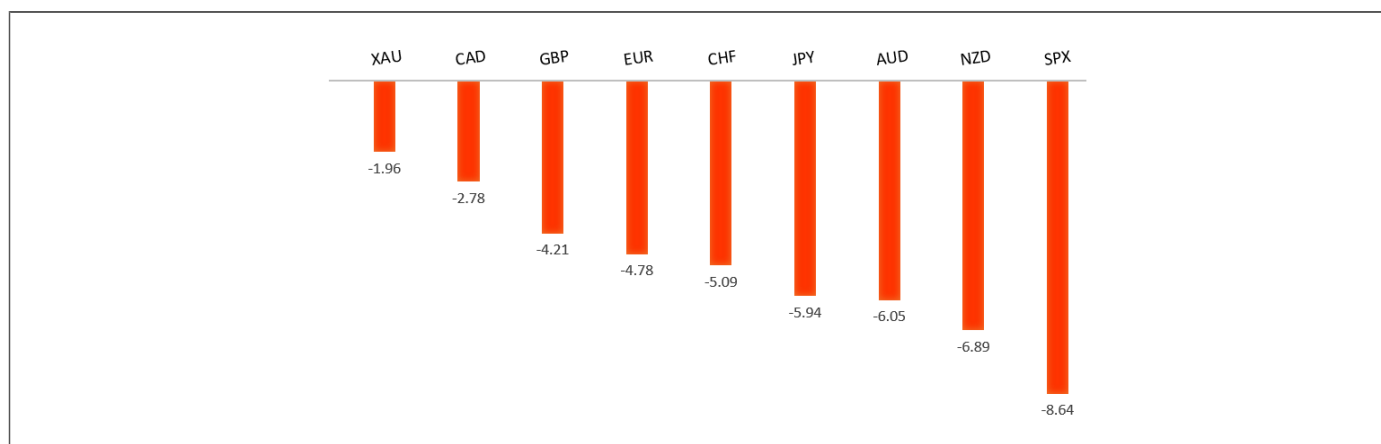
Technical highlights 📺 [Daily Video](#)

- [EURUSD](#) Sights set on 2017 low
- [GBPUSD](#) Risk builds for recovery
- [USDJPY](#) Next big level at 2002 high
- [AUDUSD](#) Struggles into rallies
- [USDCAD](#) Signs of major bottom
- [NZDUSD](#) Sinks to fresh yearly low
- [US SPX 500](#) Room for additional drop
- [GOLD](#) (spot) Dips to be well supported

Fundamental highlights

- [EURUSD](#) Hot inflation helps Euro recover
- [GBPUSD](#) UK house prices keep rising
- [USDJPY](#) Golden Week holiday tempers activity
- [AUDUSD](#) Worry China stimulus won't be enough
- [USDCAD](#) Healthy Canada GDP can't help Loonie
- [NZDUSD](#) RBNZ rate hike expectations cool off
- [US SPX 500](#) Stocks vulnerable in Q2
- [GOLD](#) (spot) Dealers report plenty of demand

30 Day Performance vs. US dollar (%)



Suggested reading

- [The Yen Is Tanking. And That's Just Fine.](#) G. Reidy, **Bloomberg** (May 2, 2022)
- [Can New Innovations Reduce Beer's Water Usage?](#) A. Durgahee, **Financial Times** (May 2, 2022)

EURUSD - technical overview

A recent breakdown below **1.1100** to fresh multi-month lows now sets up the next major downside extension towards the multi-year low from 2017 in the 1.0300 area. At this stage, it will take a push back above 1.1500 to force a shift in the outlook.



- **R2 1.0739** - 26 April high - Medium
- **R1 1.0655** - 27 April high high - Medium
- **S1 1.0500** - Psychological - Medium
- **S2 1.0471** - 28 April/2022 low - Strong

EURUSD - fundamental overview

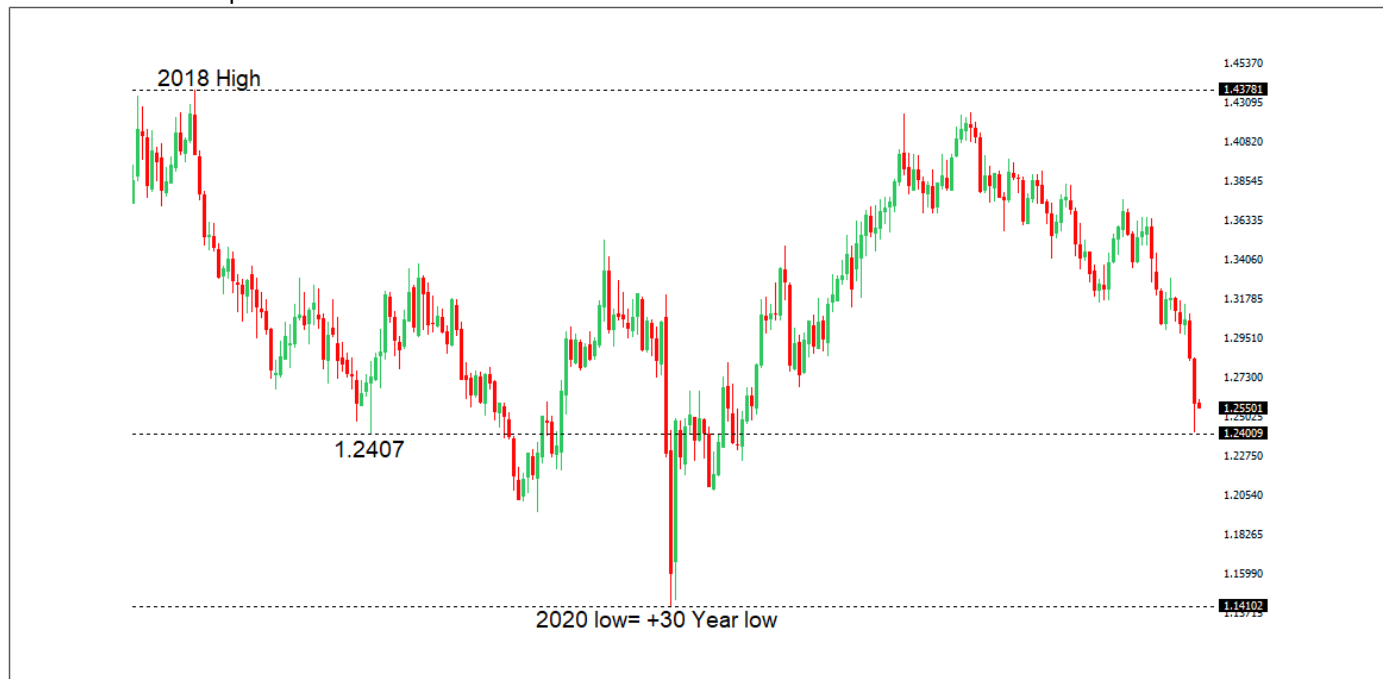
The Euro has managed to find some support after the latest Eurozone inflation reads put in record setting numbers, thereby advancing the ECB rate hike trajectory. Key standouts on today’s calendar come from German retail sales, Eurozone sentiment reads, Eurozone consumer confidence, US ISM manufacturing, US construction spending, and Canada ADP employment.

EURUSD - Technical charts in detail

[Watch now](#)

GBPUSD - technical overview

The market is in a correction phase in the aftermath of the run to fresh multi-month highs in 2021. At this stage, additional setbacks should be limited to the 1.2500 area ahead of the next major upside extension towards a retest and break of critical resistance in the form of the 2018 high. Back above 1.3148 takes immediate pressure off the downside.



- **R2 1.2839** - 25 April high - Medium
- **R1 1.2773** - 26 April high - Medium
- **S1 1.2500** - Psychological - Medium
- **S2 1.2412** - 28 April/2022 low - Strong

GBPUSD - fundamental overview

The Pound managed to break a six-day losing streak on Friday, with the currency getting a boost from some broad based US Dollar selling and a rise in UK house prices for the ninth consecutive month. Key standouts on today’s calendar come from German retail sales, Eurozone sentiment reads, Eurozone consumer confidence, US ISM manufacturing, US construction spending, and Canada ADP employment. [Watch now](#)

USDJPY - technical overview

The market has rocketed higher to its highest levels since 2002 after breaking through the 2015 high. Technical studies are however quite extended, with scope for a sizable correction in the weeks ahead. Look for additional upside from here to be limited to the 130.00 area for now.



- **R2 131.25** - 28 April/2022 high - Strong
- **R1 131.00** - Figure - Medium
- **S1 128.60** - 27 April high - Medium
- **S2 126.95** - 27 April low - Strong

USDJPY - fundamental overview

The arrival of the **Golden Week holiday** has tempered activity, with the Yen less under pressure than it has been. Still, overall, the Yen remains weighed down on a major monetary policy divergence between the Fed and BOJ. Key standouts on today's calendar come from German retail sales, Eurozone sentiment reads, Eurozone consumer confidence, US ISM manufacturing, US construction spending, and Canada ADP employment.

[Watch now](#)

AUDUSD - technical overview

At this stage, the market has found a bottom and is trying to work back to the topside. Still, the overall pressure remains on the downside and ultimately, it will take a weekly close back above 0.7600 to officially shift the focus back on the topside.



- **R2 0.7378** - 22 April high - Medium
- **R1 0.7252** - 25 April high - Medium
- **S1 0.7055** - 28 April low - Medium
- **S2 0.7000** - Psychological - Strong

AUDUSD - fundamental overview

Doubt about the effectiveness of China's latest stimulus pledge and risk off flow in US markets has been too tough for the Australian Dollar to ignore in recent sessions. Key standouts on today's calendar come from German retail sales, Eurozone sentiment reads, Eurozone consumer confidence, US ISM manufacturing, US construction spending, and Canada ADP employment.

USDCAD - technical overview

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 1.2901** - 8 March/2022 high - Strong
- **R1 1.2880** - 28 April high - Medium
- **S1 1.2677** - 13 April high - Medium
- **S2 1.2567** - 22 April low - Strong

USDCAD - fundamental overview

The Canadian Dollar saw some initial demand from Friday's Canada GDP beat, though the gains didn't last long, with the Loonie coming right back under pressure on risk off flow and a bearish reversal in the price of oil. Key standouts on today's calendar come from German retail sales, Eurozone sentiment reads, Eurozone consumer confidence, US ISM manufacturing, US construction spending, and Canada ADP employment.

NZDUSD – technical overview

The market has been trending lower since topping out in 2021, making a series of lower highs and lower lows. Look for the latest recovery rally to set up the next lower top for a bearish continuation below 0.6500 and towards 0.6000. Back above 0.7200 would be required to negate and force a shift in the structure.



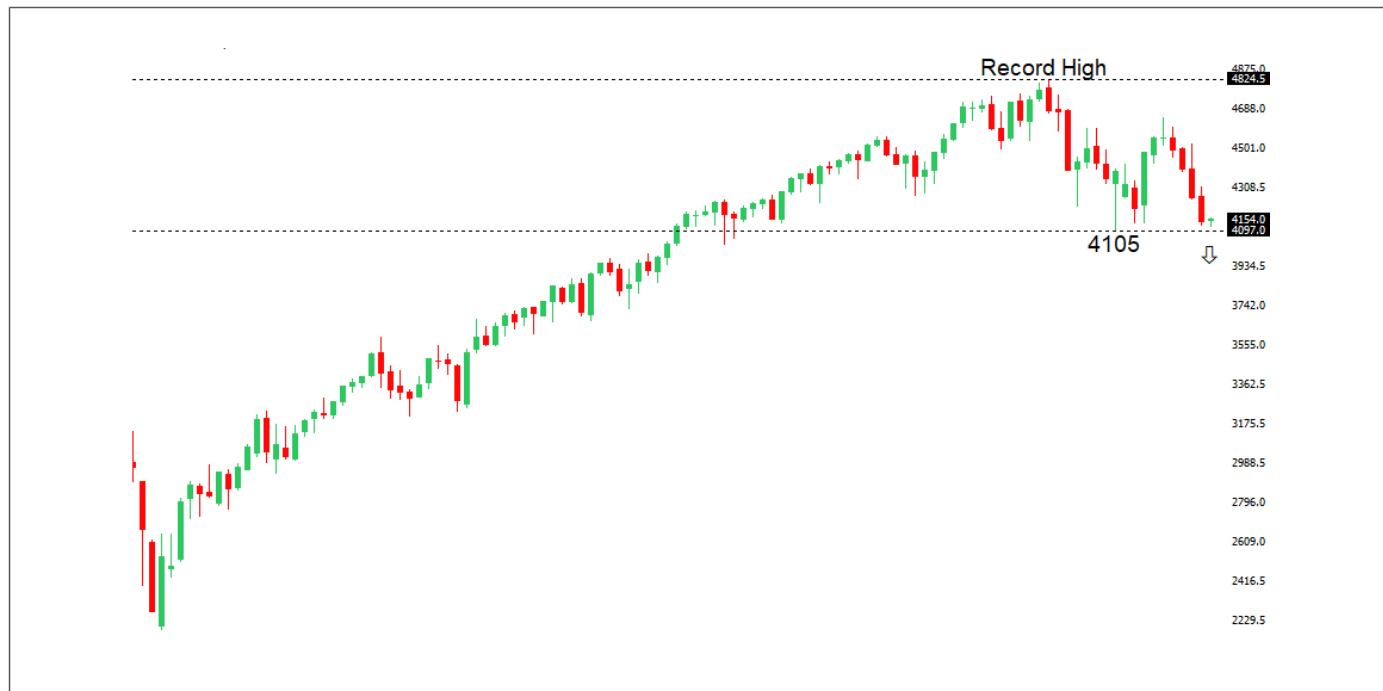
- **R2 0.6737** – 22 April high – Medium
- **R1 0.6639** – 25 April high – Medium
- **S1 0.6452** – 27 April low – Medium
- **S2 0.6424** – Monthly low October 2018 – Strong

NZDUSD – fundamental overview

The New Zealand Dollar is struggling mightily with risk off flow, data showing New Zealand house lending slowing for the eight consecutive month, and resulting rate hike expectations which have cooled off. Key standouts on today's calendar come from German retail sales, Eurozone sentiment reads, Eurozone consumer confidence, US ISM manufacturing, US construction spending, and Canada ADP employment.

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 4,700 will be required at a minimum to take the immediate pressure off the downside. Below 4105 opens next downside extension.



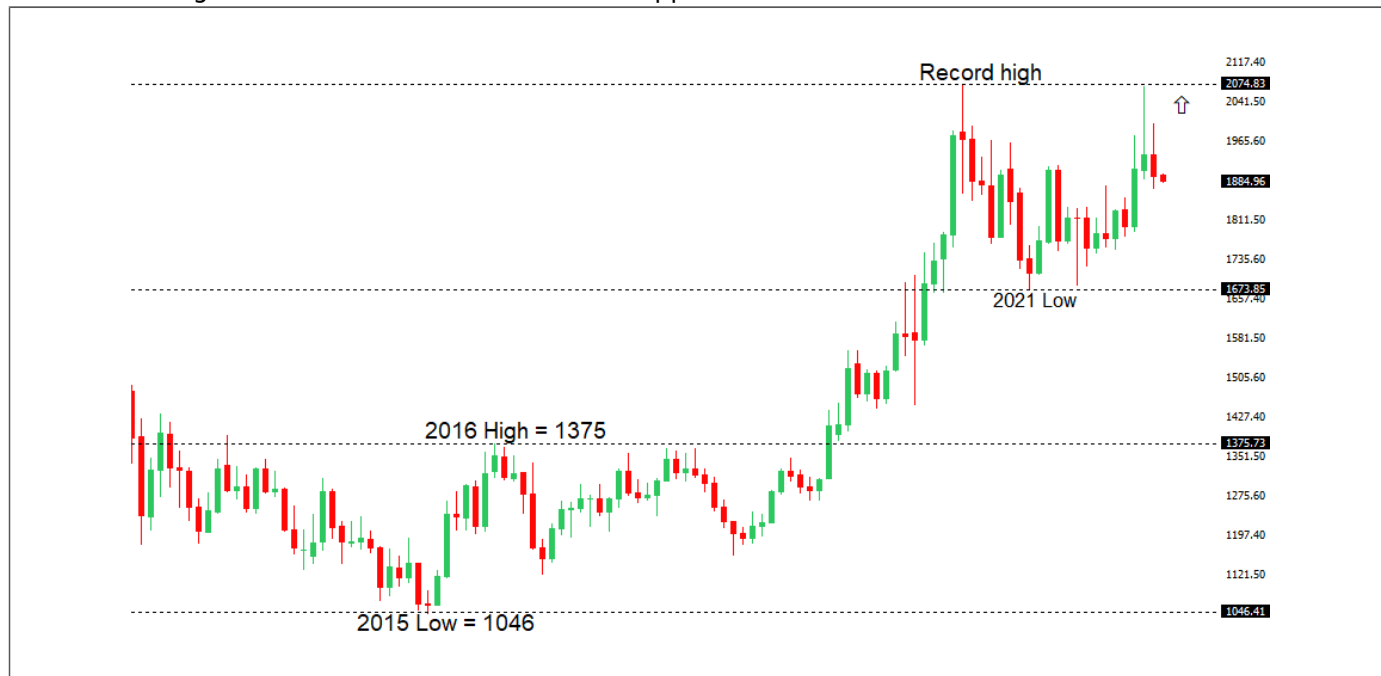
- **R2 4401** - 22 April high - Medium
- **R1 4300**- Round Number - Medium
- **S1 4144** - 26 April low - Medium
- **S2 4105** - 24 February/2022 low - Strong

US SPX 500 - fundamental overview

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, rising inflation, and geopolitical tension should weigh more heavily on investor sentiment in Q2 2022.

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 1800.



- **R2 1999** - 18 April high - Strong
- **R1 1959** - 20 April high - Medium
- **S1 1872** - 28 April low - Medium
- **S2 1800** - 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 exhausted monetary policy, extended global equities, coronavirus fallout, inflation risk, and geopolitical tension. 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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