

Global FX Insights

by LMAX Group Research & Analytics

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

Investors desperate for relief rally [Wake-up call](#)

The sour and downbeat tone has extended into Wednesday trade, with stocks under pressure and the US Dollar continuing to want to drive higher. The Yen has been an absolute mess today, with the currency in a freefall as it trades at its lowest level since 1998 against the US Dollar.

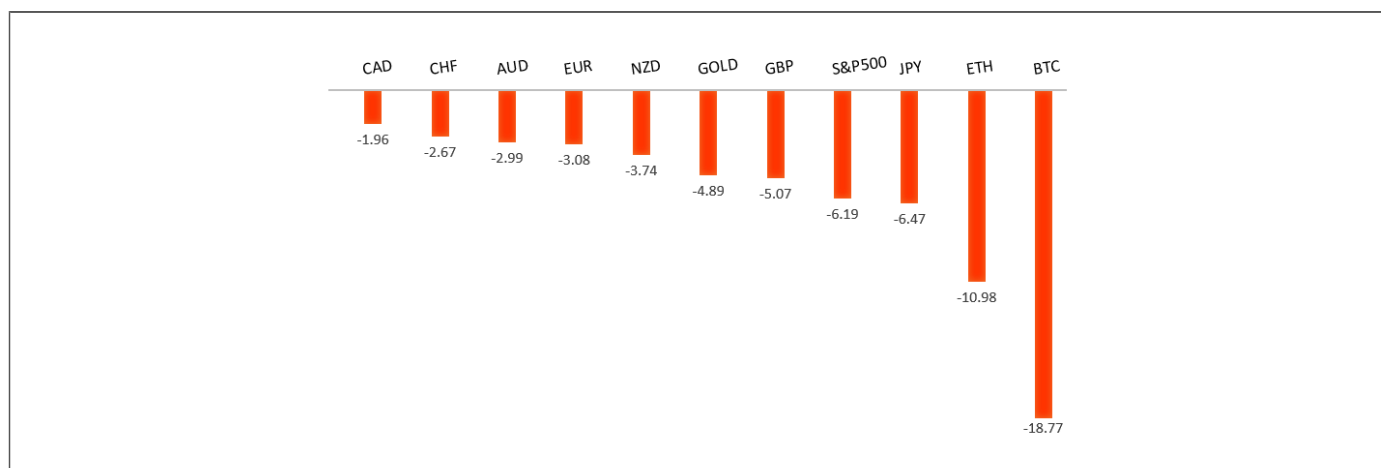
Technical highlights [Daily Video](#)

- [EURUSD](#) Uncomfortable below parity
- [GBPUSD](#) Gravitating to 2020 low
- [USDJPY](#) Parabolic run warns of reversal
- [AUDUSD](#) Pressure remains on downside
- [USDCAD](#) Signs of meaningful base
- [NZDUSD](#) Breaks to fresh yearly low
- [US SPX 500](#) Lower top sought out
- [GOLD \(spot\)](#) Ready for next bullish run

Fundamental highlights

- [EURUSD](#) Euro can't escape energy crisis
- [GBPUSD](#) Pound trying to find bright spots
- [USDJPY](#) Cabinet Secretary talking FX
- [AUDUSD](#) China fallout a big weight on Aussie
- [USDCAD](#) BoC hike expectation all but priced in
- [NZDUSD](#) Kiwi struggles with macro outlook
- [US SPX 500](#) Inflation headache not going away
- [GOLD \(spot\)](#) Dealers report plenty of demand

30 Day Performance vs. US dollar (%)



Suggested reading

- [Uranium Risks Becoming the Next Critical Minerals Crisis](#), D. Fickling, **Bloomberg** (September 5, 2022)
- [Why We Need A Wealth Tax](#), M. Sandbu, **Financial Times** (September 6, 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 1.0146** - 17 August high - Medium
- **R1 1.0091** - 26 August high - Medium
- **S1 0.9864** - 6 September/2022 low - Strong
- **S2 0.9800** - Figure - Strong

EURUSD - fundamental overview

The energy situation has gone from bad to worse and the Euro continues to feel the heat. Norway's Equinor said the European energy trading sector faces \$1.5 trillion in margin calls unless governments offer liquidity. As far as the local money market goes, 175 basis points of ECB hikes are now priced in by year end. Also straining the Euro has been the weaker than expected German factory orders number. Key standouts on Wednesday's calendar include German industrial production, Eurozone GDP, Eurozone employment, Canada trade, US trade, the Bank of Canada policy decision, and the Fed Beige Book.

EURUSD - Technical charts in detail

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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 1.1410** - 2020 low - Very Strong

GBPUSD - fundamental overview

The Pound is trying to find a bottom and has received some support from the news of Liz Truss as the next PM and on an uptick in UK construction PMIs. But ultimately, the energy crisis and broad based flow into the US Dollar continues to offset. Key standouts on Wednesday’s calendar include German industrial production, Eurozone GDP, Eurozone employment, Canada trade, US trade, the Bank of Canada policy decision, and the Fed Beige Book.

[Watch now](#)

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 145.00** - Psychological - Very Strong
- **R1 144.39** - 7 September/2022 high - Medium
- **S1 140.25** - 6 September low - Strong
- **S2 138.05** - 30 August low - Medium

USDJPY - fundamental overview

Yield differentials between the Yen and US Dollar have resulted in a massive downturn in the Yen in 2022, with the currency at its lowest levels since 1998. Chief Cabinet Secretary Hirokazu Matsuno told reporters he's "concerned about recent rapid, one-sided moves" and Japan will need to take necessary action if the moves continued. Key standouts on Wednesday's calendar include German industrial production, Eurozone GDP, Eurozone employment, Canada trade, US trade, the Bank of Canada policy decision, and the Fed Beige Book.

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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 0.6700** - 7 September low - Medium
- **S2 0.6682** - 14 July/2022 low - Strong

AUDUSD - fundamental overview

The Australian Dollar hasn't been able to avoid the dangers associated with high-beta currencies as risk off flow dominates the headlines. Fallout from China has been a major concern, and even attempts by the PBOC to prop the market and an RBA rate hike have done nothing to help the Australian Dollar. Aussie GDP reads came in above forecast but haven't factored into price action. Key standouts on Wednesday's calendar include German industrial production, Eurozone GDP, Eurozone employment, Canada trade, US trade, the Bank of Canada policy decision, and the Fed Beige Book.

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 1.3208** - 1 September high - Medium
- **S1 1.2972** - 30 August low - Medium
- **S2 1.2895** - 25 August low - Strong

USDCAD - fundamental overview

The Bank of Canada is expected to hike 75 basis points today, though this is doing nothing to help the Canadian Dollar. The Loonie has been hit hard on risk off flow, oil weakness, and broad based demand for the US Dollar. Key standouts on Wednesday’s calendar include German industrial production, Eurozone GDP, Eurozone employment, Canada trade, US trade, the Bank of Canada policy decision, and the Fed Beige Book.

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.



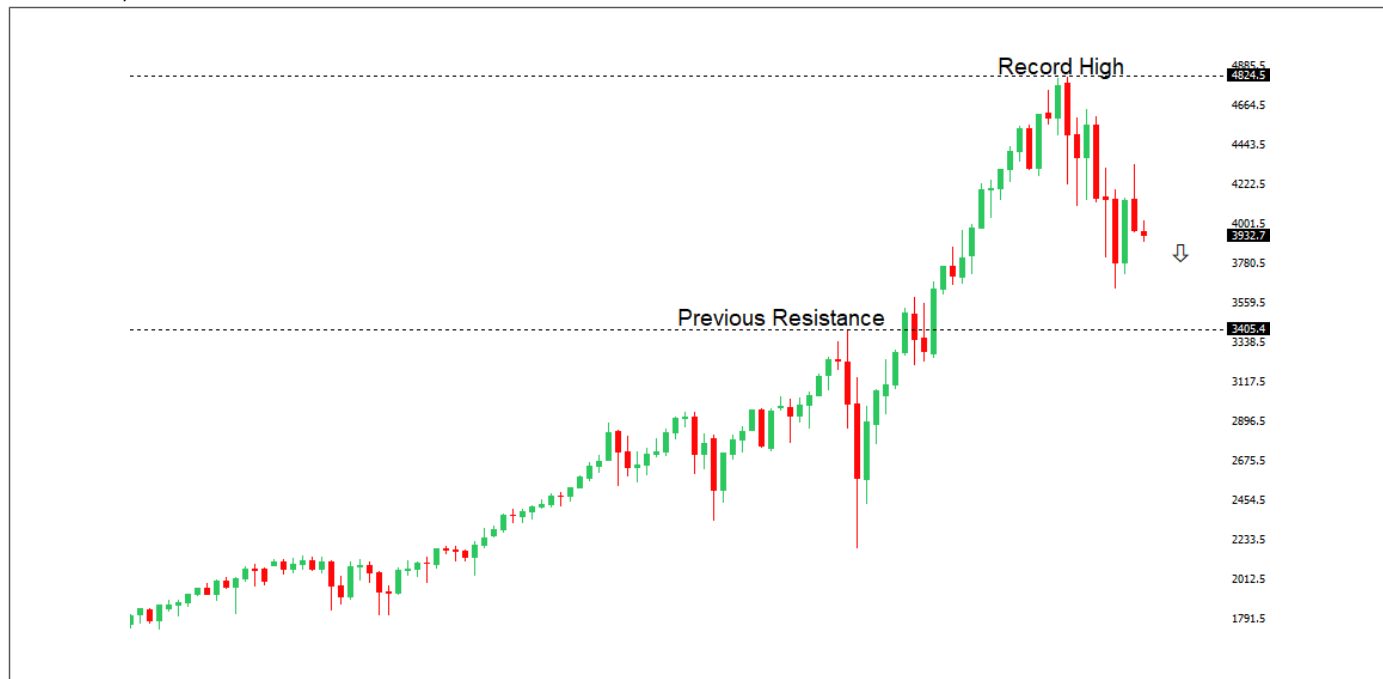
- **R2 0.6353** - 1 August high - Medium
- **R1 0.6251** - 25 August high - Strong
- **S1 0.5996**- 7 September/**2022 low** - Medium
- **S2 0.5900** - Figure - Strong

NZDUSD - fundamental overview

The New Zealand Dollar continues to struggle with risk off flow in global markets and should continue to play off the bigger picture themes as far as the outlook for the currency goes. Key standouts on Wednesday's calendar include German industrial production, Eurozone GDP, Eurozone employment, Canada trade, US trade, the Bank of Canada policy decision, and the Fed Beige Book.

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 4073** - 30 August 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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