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Global FX Insights

by LMAX Group Research & Analytics

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

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It hasn't been all that much, but we have seen some form of a relief rally in the aftermath of Wednesday's Fed decision. Stocks are trying to get a recovery going and the US Dollar has sold off across the board.

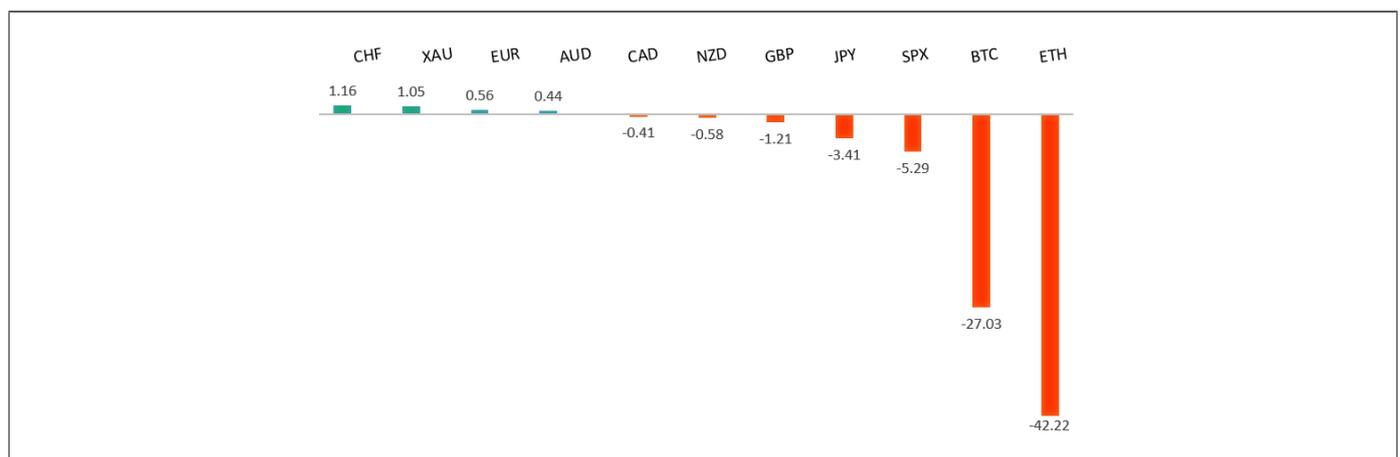
Technical highlights 📺 [Daily Video](#)

- [EURUSD](#) Hovers above yearly low
- [GBPUSD](#) Back down through 1.2000
- [USDJPY](#) Takes out 2002 high
- [AUDUSD](#) Well capped into rallies
- [USDCAD](#) Signs of meaningful base
- [NZDUSD](#) Sights set on 2015 low
- [US SPX 500](#) Next major support 3400
- [GOLD](#) (spot) Bullish consolidation

Fundamental highlights

- [EURUSD](#) ECB emergency meeting a letdown
- [GBPUSD](#) BOE decision stands out on Thursday
- [USDJPY](#) Talk of BOJ policy adjustment
- [AUDUSD](#) Aussie jobs data helps with recovery
- [USDCAD](#) Loonie recovers as US Dollar declines
- [NZDUSD](#) Kiwi gets boost from risk on flow
- [US SPX 500](#) Stocks vulnerable in 2022
- [GOLD](#) (spot) Dealers report plenty of demand

30 Day Performance vs. US dollar (%)



Suggested reading

- [US Faces Recession That May Cost Biden a Second Term](#), N. Cook, **Bloomberg** (June 16, 2022)
- [Why the US Federal Reserve's Options Are Limited](#), J. Delong, **Financial Times** (June 14, 2022)

EURUSD - technical overview

The market has come under intense pressure in recent weeks, with setbacks accelerating to retest the multi-year low from 2017. A clear break below 1.0300 now sets up the next downside extension towards parity. At the same time, technical studies have been in the process of unwinding from oversold. But back above 1.1000 would be required at a minimum to take the immediate pressure off the downside.



- **R2 1.0643** - 10 June high - Strong
- **R1 1.0521** - 13 June high - Medium
- **S1 1.0359** - 15 June low - Medium
- **S2 1.0350** - 13 May/2022 low - Strong

EURUSD - fundamental overview

Most of the latest recovery in the Euro comes on the back of risk on flow and broad based US Dollar selling in the aftermath of the Fed decision. We had seen some demand earlier on Wednesday on the news of an emergency ECB meeting. But this proved to be a letdown for Euro bulls after it was revealed that the meeting was about crisis strategy and reinvestment of PEPP bonds. Key standouts on today's calendar come from ECB Panetta and Guindos speak, Eurozone wage growth, the BOE policy decision, US housing starts and building permits, initial jobless claims, and the Philly Fed.

EURUSD - Technical charts in detail

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GBPUSD - technical overview

The market continues to be exceptionally well supported on dips down into the 1.2000 area, with the latest setback once again holding up around the barrier. Overall, the daily trend remains bearish, though there are signs of the market wanting to put in a meaningful bottom ahead of the next major upside extension. Look for a clear break back above 1.2700 to strengthen this outlook. A monthly close below 1.2000 would force a rethink of the outlook.



- **R2 1.2518** - 10 June high - Medium
- **R1 1.2320** - 13 June high - Medium
- **S1 1.2000** - Psychological - Medium
- **S2 1.1934** - 14 June/2022 low - Strong

GBPUSD - fundamental overview

The Pound had been hit hard this week, even breaking down for a moment below the critical 1.2000 barrier. All of this coming on the back of discouraging UK data. However, there was finally some relief late Wednesday, with the US Dollar selling off across the board in the aftermath of the Fed decision. Key standouts on today's calendar come from ECB Panetta and Guindos speak, Eurozone wage growth, the BOE policy decision, US housing starts and building permits, initial jobless claims, and the Philly Fed.

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USDJPY - technical overview

The market has rocketed higher to its highest levels since 1998 after breaking through the 2002 high. Technical studies are however looking stretched, with scope for a sizable consolidation and correction in the weeks ahead. Look for additional upside from here to be limited to the 135.00 area. A break back below 130.00 would take the immediate pressure off the topside.



- **R2 136.00** - Figure - Strong
- **R1 135.59** - 15 June/2022 high - Strong
- **S1 132.54** - 8 June low - Medium
- **S2 129.51** - 2 June low - Strong

USDJPY - fundamental overview

Policy divergence continues to play a strong hand here, with market participants focusing on yield differentials that weigh heavily in the US Dollar's favor. The BOJ is clearly still committed to easy policy despite what's going on with other major central banks and the impact on the Yen, now at its lowest levels against the Buck since 1998. There has been some talk of the BOJ tweaking policy tomorrow, though this remains to be seen. Key standouts on today's calendar come from ECB Panetta and Guindos speak, Eurozone wage growth, the BOE policy decision, US housing starts and building permits, initial jobless claims, and the Philly Fed.

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AUDUSD - technical overview

Overall pressure remains on the downside and conditions remain quite choppy. A break back above 0.7900 would be required to force a shift in the structure and suggest we are seeing a more significant bullish reversal. Until then, scope exists for a retest and break of the yearly low.



- **R1 0.7198** - 9 June high - Medium
- **R2 0.7138** - 10 June high - Medium
- **S1 0.6851** - 14 June low - Medium
- **S2 0.6829** - 12 May/2022 low - Medium

AUDUSD - fundamental overview

The Australian Dollar is feeling better into Thursday, this after a wave of US Dollar selling post Fed decision, and a better round of Aussie data highlighted by employment numbers. Key standouts on today's calendar come from ECB Panetta and Guindos speak, Eurozone wage growth, the BOE policy decision, US housing starts and building permits, initial jobless claims, and the Philly Fed.

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 1.3077** - 12 May/2022 high - Strong
- **R1 1.2997** - 15 June high - Medium
- **S1 1.2681** - 10 June low - Medium
- **S2 1.2518** - 8 June low - Strong

USDCAD - fundamental overview

The Canadian Dollar has been under pressure of late but managed to recover on Wednesday after a wave of US Dollar selling kicked in post Fed decision. Key standouts on today's calendar come from ECB Panetta and Guindos speak, Eurozone wage growth, the BOE policy decision, US housing starts and building permits, initial jobless claims, and the Philly Fed.

NZDUSD - technical overview

Overall pressure remains on the downside and conditions remain quite choppy. A break back above 0.6600 would be required to force a shift in the structure and suggest we are seeing a more significant bullish reversal. Until then, scope exists for fresh yearly lows and a retest of the 2015 low down towards 0.6100.



- **R2 0.6500** - 7 June high - Medium
- **R1 0.6462** - 9 June high - Medium
- **S1 0.6200**- Figure - Medium
- **S2 0.6197** - 14 June/2022 low - Strong

NZDUSD - fundamental overview

The New Zealand Dollar has been under pressure of late but managed to recover on Wednesday after a wave of US Dollar selling kicked in post Fed decision. Key standouts on today's calendar come from ECB Panetta and Guindos speak, Eurozone wage growth, the BOE policy decision, US housing starts and building permits, initial jobless claims, and the Philly Fed.

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 4,206 will be required at a minimum to take the immediate pressure off the downside. Next major support comes in around 3,400.



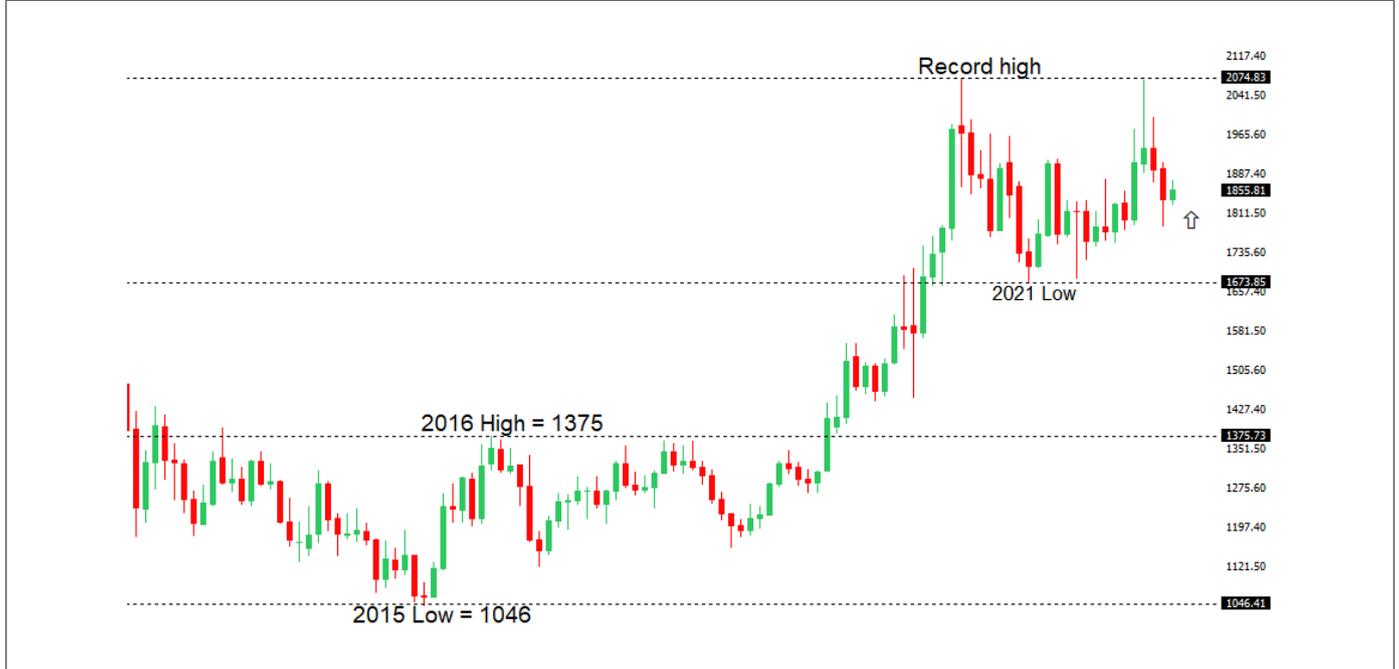
- **R2 4206** - 30 May high - Strong
- **R1 4031** - 10 June high - Medium
- **S1 3708** - 14 June/**2022 low** - Medium
- **S2 3700** - Round number - Medium

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 rising inflation and slower growth should continue to weigh more heavily on investor sentiment in 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 1700.



- **R2 1999** - 18 April high - Strong
- **R1 1920** - 29 April high - Medium
- **S1 1805** - 14 June low - Strong
- **S2 1787** - 16 May low - Medium

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, and inflation risk. 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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