

Thursday, March 26, 2020

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# Global FX Insights

by LMAX Group Research & Analytics

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

## Investors remain cautious 🔊 [Wake-up call](#)

Investors remain cautious into Thursday, despite US Senate's approval of a \$2 trillion stimulus package. Coronavirus fallout continues to disrupt the global economy, and there is intense fear associated with systemic risk from the rapid rise in cases. Federal Reserve Chair Jerome Powell is now scheduled for a television interview later today.

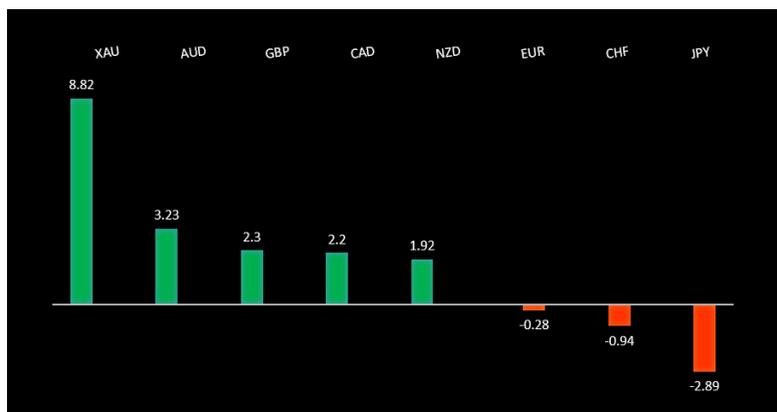
### Technical highlights 📺 [Daily Video](#)

- [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 GfK consumer confidence
- [GBPUSD](#) BOE decision, UK retail sales
- [USDJPY](#) Yen caught between two-way flow
- [EURCHF](#) **SNB policy** runs into tough times
- [AUDUSD](#) Aussie selling resumes on risk off
- [USDCAD](#) US calendar comes into focus
- [NZDUSD](#) Kiwi tracking with global sentiment
- [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

- [We Can't Dismiss the Rebound as a Reflex Action](#), J. Authers, **Bloomberg** (March 26, 2020)
- [Coronavirus: How to Tackle the Economic Crisis](#), M. Sandbu, **Financial Times** (March 25, 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 1.0935** - 26 March high - Medium
- **S1 1.0638** - 20 March/2020 low - Medium
- **S2 1.0600** - Figure - Strong

## EURUSD - fundamental overview

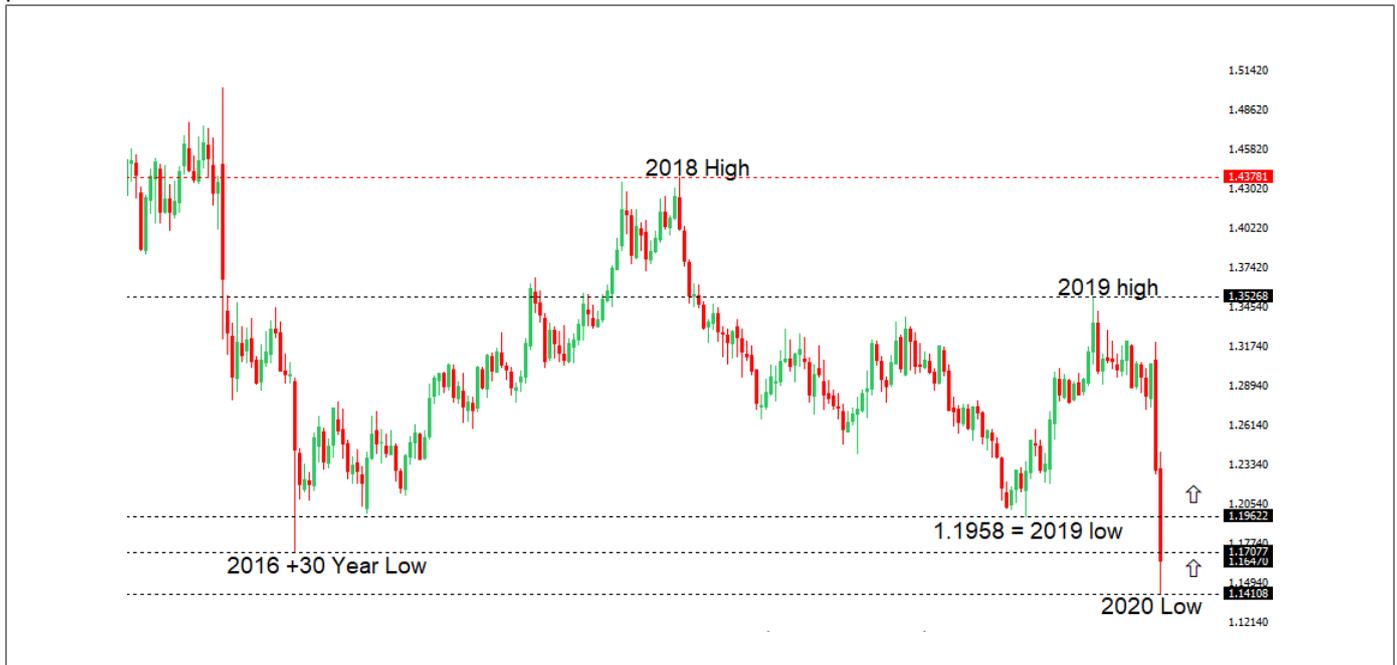
**The Euro continues to recover**, mostly on the back of the latest Fed gesture, in which the central bank committed to unlimited QE. The coronavirus continues to be a major source of worry in Europe, with the death toll in Italy and Spain surpassing China. Key standouts on Thursday's calendar come in the form of German GfK consumer confidence, the ECB Bulletin, US trade, GDP and initial jobless claims.

## 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 1.1974** - 25 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. 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. Key standouts on Thursday's calendar come in the form of UK retail sales, the BOE decision, US trade, US GDP and US initial jobless claims.

[Watch now](#)

## 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

Tokyo's governor has urged the public to remain indoors this week and warned of stricter measures if the situation worsens. The Yen hasn't been sure which way it wants to move in recent sessions, caught between selling pressure from renewed risk appetite post this latest round of global stimulus, and demand from the yield differential advantage after the Fed announced unlimited QE. Key standouts on Thursday's calendar come in the form of US trade, US GDP and US initial jobless claims.

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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 0.6074** - 25 March high - Medium
- **S1 0.5811** - 24 March low - Medium
- **S2 0.5507** - 19 March/2020 low - Strong

## AUDUSD - fundamental overview

**The Australian Dollar has managed to recover from the depths** of multi-year lows against the Buck, largely on the back of an aggressive round of stimulus out of the US. Still risk sentiment remains shaky as the global economy contends with coronavirus fallout, which is inspiring Aussie offers into rallies. Key standouts on Thursday's calendar come in the form of US trade, US GDP and US initial jobless claims.

# 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 1.4178** - 25 March low - Medium
- **S2 1.4150** - 20 March low - Strong

# USDCAD - fundamental overview

The Canadian Dollar has managed to recover from the depths of multi-year lows against the Buck, largely on the back of an aggressive round of stimulus out of the US. Still risk sentiment remains shaky as the global economy contends with coronavirus fallout, which is inspiring Loonie offers into rallies. Key standouts on Thursday's calendar come in the form of US trade, US GDP and US initial jobless claims.

## 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.



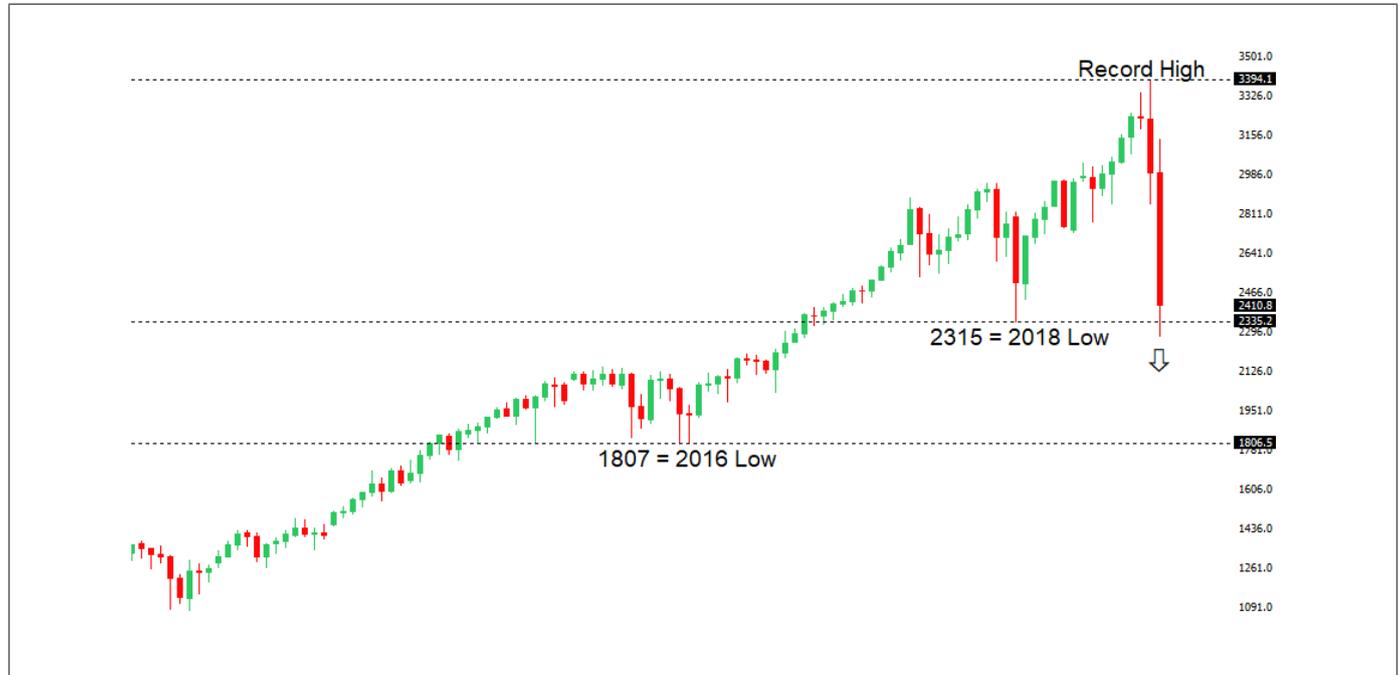
- **R2 0.5969** - 18 March high - Strong
- **R1 0.5913** - 25 March high - Medium
- **S1 0.5681** - 24 March low - Medium
- **S2 0.5469** - 19 March/2020 low - Strong

## NZDUSD - fundamental overview

**The New Zealand Dollar has managed to recover from the depths** of multi-year lows against the Buck, largely on the back of an aggressive round of stimulus out of the US. Still risk sentiment remains shaky as the global economy contends with coronavirus fallout, which is inspiring Kiwi offers into rallies. Key standouts on Thursday's calendar come in the form of US trade, US GDP and US initial jobless claims.

## 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.



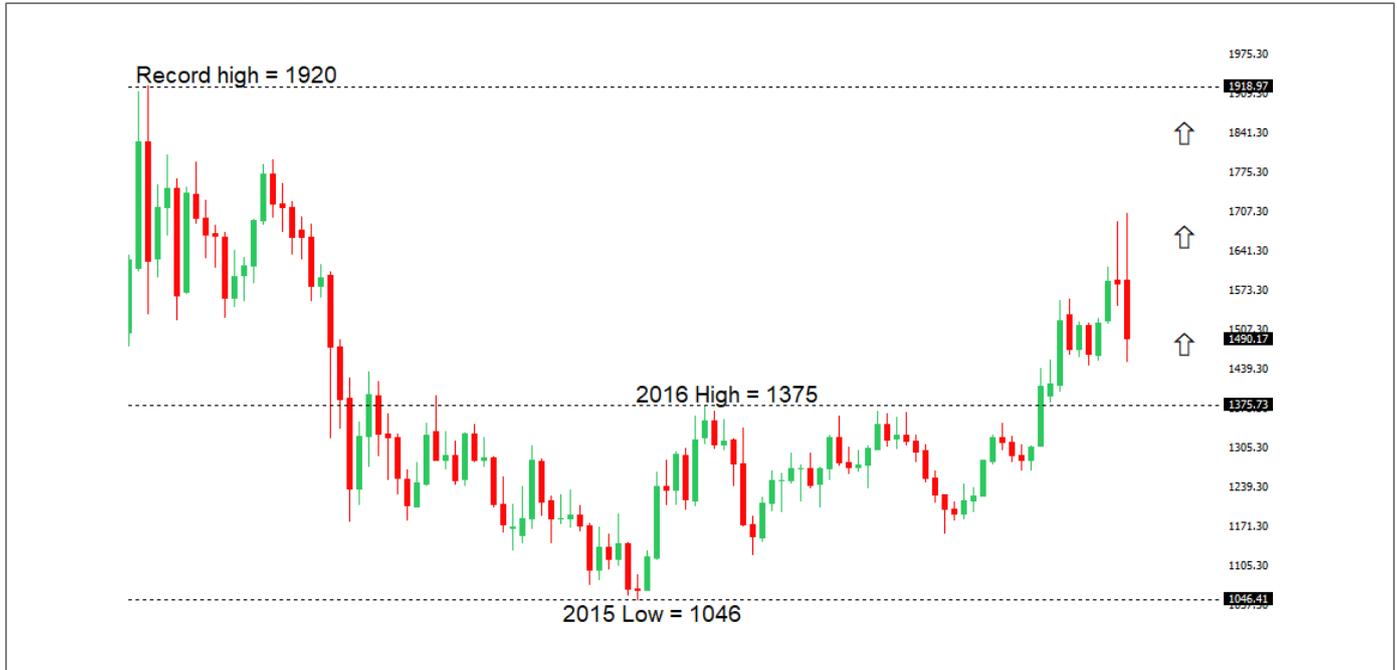
- **R2 2774** - 12 March high - Strong
- **R1 2570** - 25 March high - Medium
- **S1 2182** - 23 March/**2020 low** - Medium
- **S2 2100** - Round number - Strong

## 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 1703** - 9 March/2020 high - Strong
- **R1 1638** - 25 March high - Medium
- **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 7,000** - Round number - Medium
- **S1 5,660** - 20 March low - Medium
- **S2 3,995** - 13 March/**2020 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

[Watch now](#)

# 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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