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Global FX Insights

by LMAX Group Research & Analytics

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

Liquidity thins out into end of week 🔊 [Wake-up call](#)

Liquidity has come off into the end of the week, with China out on holiday, and what we've seen in markets in the latter portion of the week, has mostly been about consolidation, with no clear indication of the next big move.

Technical highlights ▶ [Daily Video](#)

- [EURUSD](#) Setbacks should be well supported
- [GBPUSD](#) Signs of longer term base
- [USDJPY](#) Confined to a large choppy triangle range
- [EURCHF](#) Defended into major psychological barrier
- [AUDUSD](#) Extends recovery off major low
- [USDCAD](#) Setbacks should be limited from here
- [NZDUSD](#) Carving out meaningful bottom
- [US SPX 500](#) Lower top sought ahead of next drop
- [GOLD](#) (spot) Heading towards fresh record high
- [BTCUSD](#) Plenty of resistance above 10k
- [ETHUSD](#) Well supported on dips

Fundamental highlights

- [EURUSD](#) Pragmatic answer to German court
- [GBPUSD](#) UK CBI data comes in better than forecast
- [USDJPY](#) Balance sheet unwind tied to inflation target
- [EURCHF](#) **SNB policy** still faces tough challenges
- [AUDUSD](#) RBA injects AUD1.77 billion liquidity
- [USDCAD](#) Canada weekly payrolls on the decline
- [NZDUSD](#) Upbeat comments from NZ Treasury
- [US SPX 500](#) Stocks vulnerable despite demand
- [GOLD](#) (spot) Pick up in hard asset demand
- [BTCUSD](#) Traditional players getting interested
- [ETHUSD](#) Ether more exposed in risk off backdrop

Performance vs. US dollar since Weekly Open (%)



Suggested reading

- [Investing in a Pandemic is Easier Than it Seems](#), M. Gongloff, **Bloomberg** (June 25, 2020)
- [Coronavirus: The Global Race for a Vaccine](#), V. Korteakas, **Financial Times** (June 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 through the 2019 high at 1.1570. Ultimately, only a weekly close below 1.0700 would compromise this outlook.



- **R2 1.1423** - 10 June high - Strong
- **R1 1.1354** - 16 June high - Medium
- **S1 1.1168** - 19 June low - Medium
- **S2 1.0992** - 28 May low - Medium

EURUSD - fundamental overview

It looks as though the ECB has found a pragmatic answer to the German constitutional court's QE ruling against the central bank. The ECB has said PEPP was 'proportionate to serious risks and price stability,' though 'some governing council members expressed reservations about the size' of the expansion at the June meeting. The ECB announced plans for a new liquidity facility 'providing precautionary Euro repo lines to central banks outside the Euro-area.' Looking ahead, key standouts on the calendar come out of the US, in the form of personal income and spending, core PCE, and Michigan sentiment.

EURUSD - Technical charts in detail

[Watch now](#)

GBPUSD - technical overview

The market has rebounded sharply, after collapsing to a +30 year low below 1.1500. This supports the longer-term constructive outlook, with a major bottom sought out ahead of the start to a big run to the topside back through 1.3000. Look for the major pair to hold up well into setbacks, and ultimately above 1.2000 on a monthly close basis for confirmation.



- **R2 1.2688** - 16 June high - Strong
- **R1 1.2568**- 18 June high - Medium
- **S1 1.2325** - 1 June low - Medium
- **S2 1.2300** - Figure - Medium

GBPUSD - fundamental overview

On Thursday, UK CBI retail sales volume came in a little better than expected at -37 versus -38, though this didn't seem to factor into price action. Looking ahead, key standouts on the calendar come out of the US, in the form of personal income and spending, core PCE, and Michigan sentiment.

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USDJPY - technical overview

We're seeing signs of a pickup in volatility in the major pair, with the market chopping around quite a bit. Still, there is no clear directional insight, with the price confined to a larger triangle formation. Overall, rallies have been well capped above 110.00 and dips well supported below 104.00.



- **R2 108.55** - 9 June high - Medium
- **R1 107.64** - 16 June high - Medium
- **S1 106.07** - 23 June low - Medium
- **S2 105.99** - 6 May low - Strong

BOJ Governor Kuroda said the central bank will wind back extraordinary stimulus measures once the pandemic is over and the economy is back to normal. Kuroda also added the central bank would not look to normalize the balance sheet until inflation hit the 2% target. Looking ahead, key standouts on the calendar come out of the US, in the form of personal income and spending, core PCE, and Michigan sentiment.

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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 weekly close back above 1.1000 would be required to take the immediate pressure off the downside.



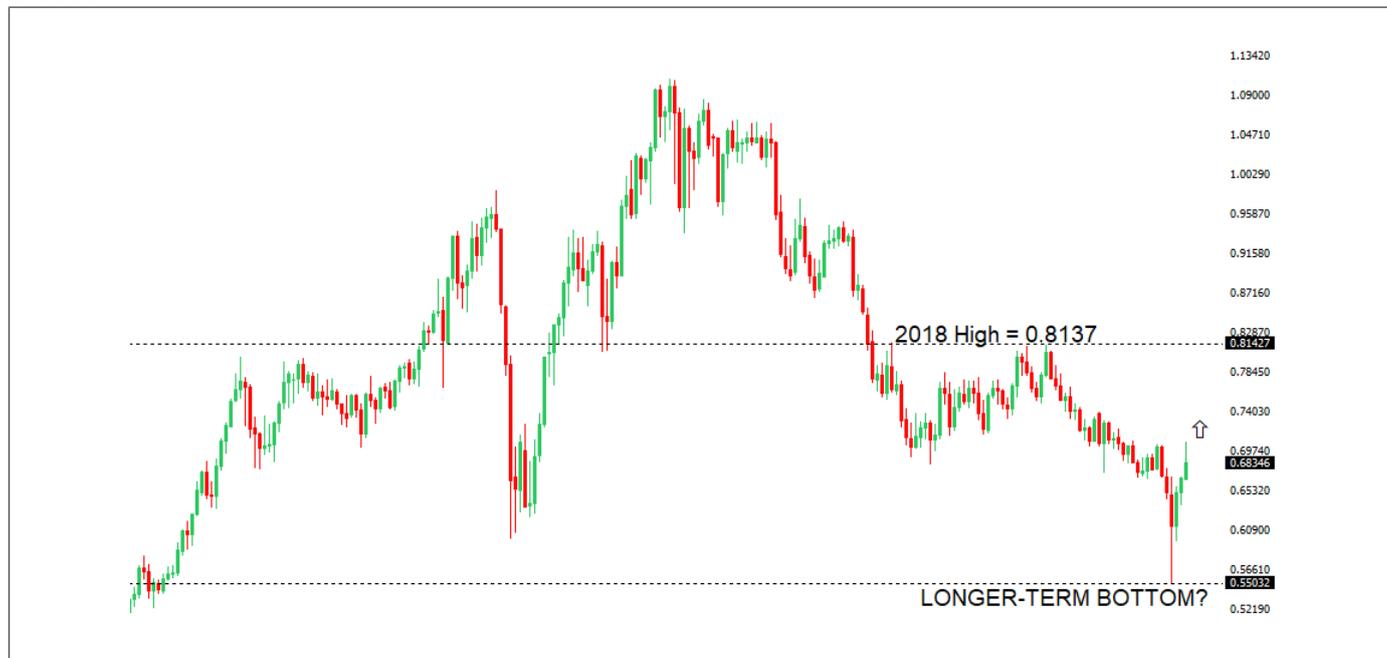
- **R2 1.0916** - 5 June/2020 high - Strong
- **R1 1.0791** - 10 June high - Medium
- **S1 1.0638** - 12 June low - Medium
- **S2 1.0577** - 25 May low - Strong

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. Any signs of renewed 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

Technical studies have turned up in recent weeks, after the market traded down to its lowest levels since 2003 earlier this year. There is evidence of a longer-term bottom, though at this stage, there is risk for a pullback to allow for shorter term studies to unwind. Setbacks should now be well supported ahead of 0.6000.



- **R2 0.7100** - Figure - Medium
- **R1 0.7065** - 10 June/2020 high - Medium
- **S1 0.6800** - 12 June low - Medium
- **S2 0.6775** - 2 June low - Strong

AUDUSD - fundamental overview

No major updates out of Australia on Friday. The RBA injected AUD1.77 billion of liquidity in today's operations. Looking ahead, key standouts on the calendar come out of the US, in the form of personal income and spending, core PCE, and Michigan sentiment.

USDCAD - technical overview

Has been in the process of correcting since topping out earlier this year above 1.4600. At this stage, with the correction well extended, the market is likely to find solid support in the 1.3200-1.3400 area, ahead of a resumption of gains. Ultimately, only a weekly close below 1.3300 would suggest otherwise.



- **R2 1.3833** - 29 May high - Strong
- **R1 1.3687** - 15 June high - Medium
- **S1 1.3315** - 10 June low - Medium
- **S2 1.3202** - 21 February low - Strong

USDCAD - fundamental overview

Weekly payrolls data out of Canada produced a decline of 1.83 million, though this had no material impact on price action. Looking ahead, key standouts on the calendar come out of the US, in the form of personal income and spending, core PCE, and Michigan sentiment.

NZDUSD - technical overview

There's a case to be made for a meaningful bottom, after the market collapsed below massive psychological support at 0.5500 earlier this year. A break back above the 0.6600 area would be required to officially put this market in an uptrend on the weekly chart, though daily studies are now trending up with any setbacks expected to be well supported ahead of 0.6000.



- **R2 0.6600** - Psychological - Strong
- **R1 0.6585** - 10 June high - Medium
- **S1 0.6394** - 12 June low - Medium
- **S2 0.6263** - 2 June low - Strong

NZDUSD - fundamental overview

The New Zealand Treasury was out with some upbeat comments, expecting a higher level of output in Q2 2020 with the country exiting lockdown. ANZ consumer confidence reads also showed improvement. In today's central bank operations, the RBNZ bought NZD260 million of government bonds. The central bank will maintain QE purchases at NZD940 million next week. Looking ahead, key standouts on the calendar come out of the US, in the form of personal income and spending, core PCE, and Michigan sentiment.

US SPX 500 - technical overview

The market has been in recovery mode since bottoming out in March. Still, the recovery is classified as corrective, with a lower top sought out below the record high from February, ahead of the next major downside extension, eventually back below the March low.



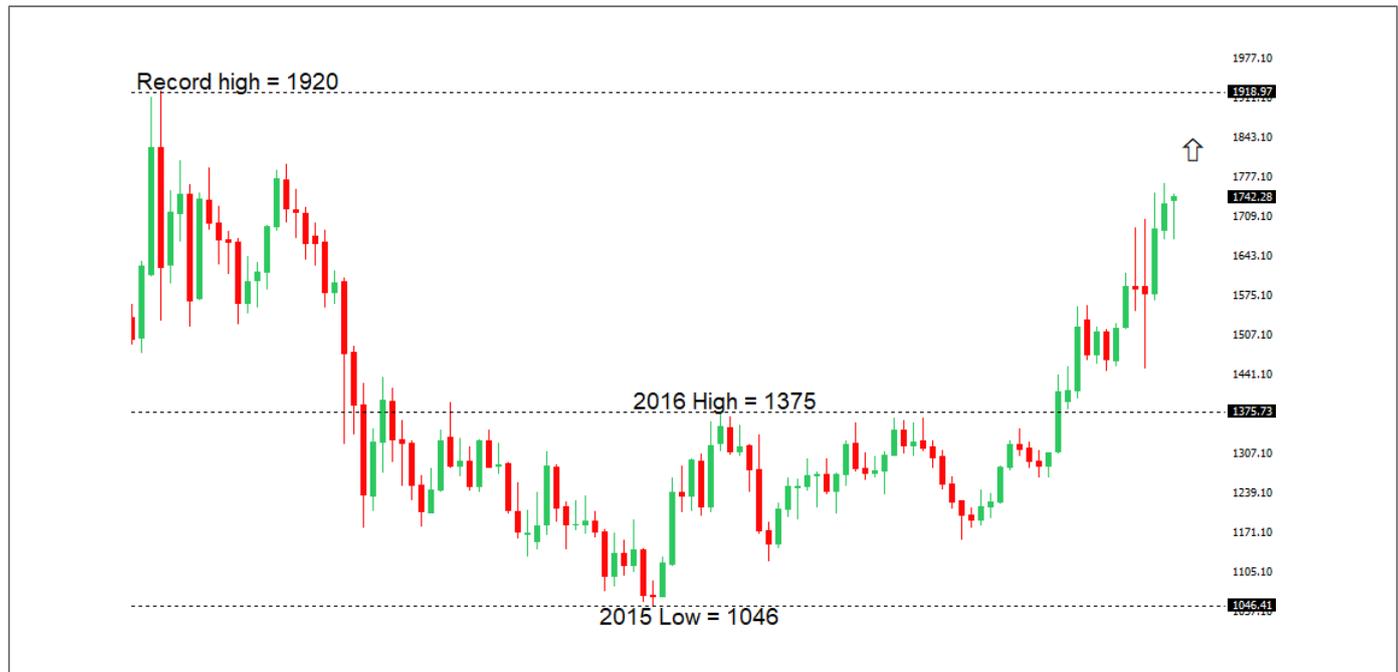
- **R2 3261** - 25 February high - Strong
- **R1 3235** - 9 June high - Medium
- **S1 2936** - 15 May low - Medium
- **S2 2909** - 22 May low - Strong

US SPX 500 - fundamental overview

Although we've seen attempts at recovery in response to unlimited QE from the Fed and massive US stimulus, 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 recovery post coronavirus, 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 towards and through the record high (just ahead of 2000), following a multi-month consolidation. The next major level of resistance comes in around 1800 (measured move extension target, 2012 high), while in the interim, look for any setbacks to be well supported above 1500.



- **R2 1796** - 2012 high - Strong
- **R1 1780** - 24 June/2020 high - Medium
- **S1 1641** - 8 April low - Medium
- **S2 1568** - 1 April 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 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. Shorter studies are however stretched and warn of a pullback ahead.



- **R2 10,477** - 9 February/2020 high - Strong
- **R1 10,360** - 2 June high - Medium
- **S1 8,000** - Psychological - Medium
- **S2 7,704** - 29 April low - Strong

BTCUSD - fundamental overview

Bitcoin has enjoyed a nice recovery since bottoming in March, with the runup in stocks and hype around the halving event contributing to a lot of the momentum. Interest from well known traditional market participants is helping to generate plenty of buzz as well. At the same time, given the extended nature of technical readings into important resistance, we see this as timing well for a sell the fact with the 2020 halving event now officially behind us and global equities once again looking vulnerable.

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 289** - 15 February/2020 high - Strong
- **R1 253** - 2 June high - Medium
- **S1 176** - 11 May low - Medium
- **S2 148** - 16 April 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 mostly risk off backdrop, in light of Ethereum's higher sensitivity and correlation with risk themes.



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