

Global FX Insights

by LMAX Group Research & Analytics

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

Market shaken up on Powell Reappointment [Wake-up call](#)

The reappointment of Fed Chair Powell is the big story into Tuesday. The market has since reacted accordingly, pricing in a more hawkish leaning Fed. This has resulted in more US Dollar upside and reversal in US equities.

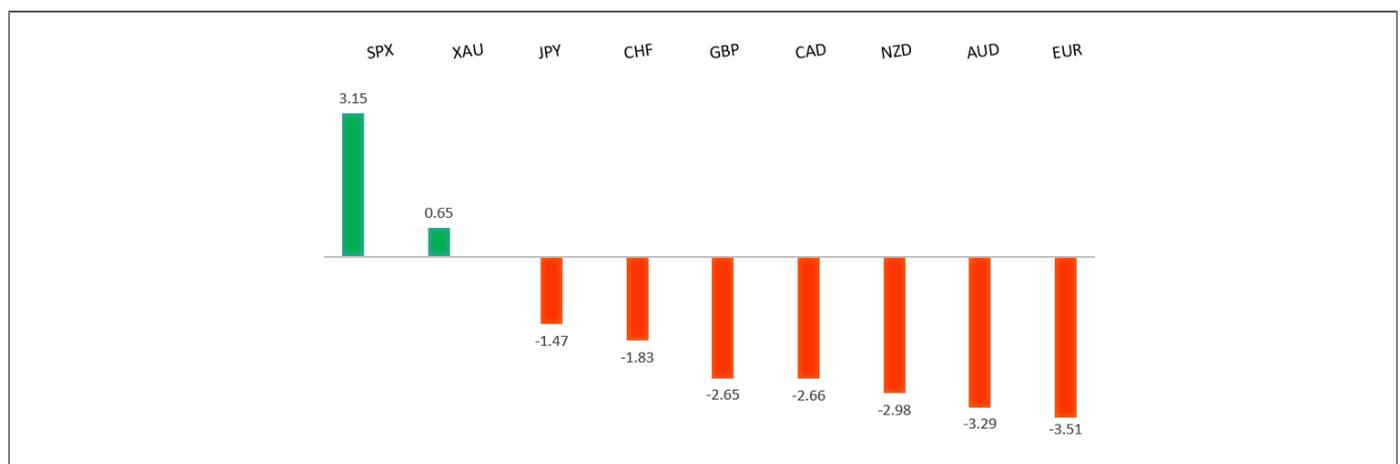
Technical highlights [Daily Video](#)

- [EURUSD](#) Tests key 61.8% fib retrace
- [GBPUSD](#) Additional setbacks limited
- [USDJPY](#) Expected to roll over
- [AUDUSD](#) Harder resistance ahead
- [USDCAD](#) Higher low sought out
- [NZDUSD](#) Should be well capped
- [US SPX 500](#) Major correction due
- [GOLD](#) (spot) Supported on dips

Fundamental highlights

- [EURUSD](#) Merkel worries about COVID
- [GBPUSD](#) BOE casts doubt on December hike
- [USDJPY](#) Yield differentials trump risk off flow
- [AUDUSD](#) Risk off hits commodity FX
- [USDCAD](#) Traders reprice BoC expectations
- [NZDUSD](#) Macro flow too much to ignore
- [US SPX 500](#) Stocks vulnerable at record highs
- [GOLD](#) (spot) Dealers report plenty of demand

30 Day Performance vs. US dollar (%)



Suggested reading

- [Markets Have Overreacted Wildly to the Fed Leadership Drama](#), J. Authers, **Bloomberg** (November 23, 2021)
- [Are Investment Groups Killing US Newspapers](#), J. Fontanella-Khan, **Financial Times** (November 22, 2021)

EURUSD - technical overview

Setbacks have extended to retest the critical 61.8% fib retrace off the 2020 low to 2021 high move. Technical studies are now tracking in extended territory on the weekly chart, warning of the need for a corrective bounce ahead. Look for the market to hold up on a weekly close basis above the 61.8% fib retrace around 1.1275.



- **R2 1.1465** - 15 November high- Strong
- **R1 1.1386** - 16 November high - Medium
- **S1 1.1226** - 23 November/**2021 low** - Medium
- **S2 1.1200** - Figure - Strong

EURUSD - fundamental overview

The Euro has extended the run of yearly lows, taking hits on the back of the Powell appointment, softer Eurozone consumer confidence, and Germany's Merkel calling the recent COVID spike the worst than anything we've seen. Key standouts on today's calendar include PMI reads out of Germany, the Eurozone, and UK, Canada manufacturing sales, US manufacturing reads, and a President Biden speech late in the day.

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 earlier this year. At this stage, additional setbacks should be limited to the 1.3200 area ahead of the next major upside extension towards a retest and break of critical resistance in the form of the 2018 high.



- **R2 1.3608** - 9 November high - Strong
- **R1 1.3514** - 18 November high - Medium
- **S1 1.3353** - 12 November/**2021 low** - Medium
- **S2 1.3300** - Figure - Medium

GBPUSD - fundamental overview

The Pound has come under more pressure into the new week after the BOE cast doubt on the prospect for a December rate hike. Key standouts on today's calendar include PMI reads out of Germany, the Eurozone, and UK, Canada manufacturing sales, US manufacturing reads, and a President Biden speech late in the day.

[Watch now](#)

USDJPY - technical overview

The longer-term trend is bearish despite the recent run higher. Look for additional upside to be limited, with scope for a topside failure and bearish resumption back down towards the 100.00 area. It would take a clear break back above 116.00 to negate the outlook.



- **R2 115.50** - Psychological - Strong
- **R1 115.15** - 23 November/2021 high - Medium
- **S1 113.58** - 19 November low - Medium
- **S2 112.72** - 9 November low - Strong

USDJPY - fundamental overview

The Yen has extended yearly lows against the Buck despite the risk off flow on Monday. Yield differentials are clearly having a bigger impact after the market priced in a more hawkish Fed path on the Powell reappointment. Key standouts on today's calendar include PMI reads out of Germany, the Eurozone, and UK, Canada manufacturing sales, US manufacturing reads, and a President Biden speech late in the day. [Watch now](#)

AUDUSD - technical overview

The Australian Dollar has been in the process of a healthy consolidation following the impressive run towards a retest of the 2018 high earlier this year. At this stage, there are signs of the market wanting to turn back up and any setbacks should be well supported down into the 0.7200 area. Look for a weekly close above 0.7500 to strengthen the outlook and force a shift in the structure.



- **R2 0.7371** - 15 November high - Strong
- **R1 0.7305** - 17 November high - Medium
- **S1 0.7217** - 23 November low - Medium
- **S2 0.7170** - 29 September low - Strong

AUDUSD - fundamental overview

The Australian Dollar is taking a hit into Tuesday as risk comes off and the market prices a more hawkish Fed path following the Powell reappointment. Key standouts on today's calendar include PMI reads out of Germany, the Eurozone, and UK, Canada manufacturing sales, US manufacturing reads, and a President Biden speech late in the day.

USDCAD - technical overview

Finally 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 1.2775** - 29 September high - Strong
- **R1 1.2715** - 23 November high - Medium
- **S1 1.2585** - 19 November low - Medium
- **S2 1.2492** - 16 November low - Strong

USDCAD - fundamental overview

The Canadian Dollar has been hit on risk off flow and the Powell reappointment and is also suffering on speculation the Bank of Canada may may not tighten earlier than the Fed. Key standouts on today's calendar include PMI reads out of Germany, the Eurozone, and UK, Canada manufacturing sales, US manufacturing reads, and a President Biden speech late in the day.

NZDUSD - technical overview

The market has entered a period of consolidation after running up to a yearly and multi-month high. Back above the April high at 0.7317 would be required to force a shift in the structure.



- **R2 0.7133** - 10 November high - Medium
- **R1 0.7081** - 15 November high - Medium
- **S1 0.6927** - 23 November low - Strong
- **S2 0.6900** - Figure - Medium

NZDUSD - fundamental overview

The New Zealand Dollar has come under pressure into Tuesday as risk off flow and fallout on currencies from the Powell reappointment weigh it down. Key standouts on today's calendar include PMI reads out of Germany, the Eurozone, and UK, Canada manufacturing sales, US manufacturing reads, and a President Biden speech late in the day.

US SPX 500 - technical overview

Longer-term technical studies are looking quite exhausted and the market is showing signs of wanting to roll over after racing to another record high. At the same time, the latest breakout above 4600 introduces the possibility for the next major upside extension through 4800. At this stage, it will take a break back below 4500 to take the immediate pressure off the topside.



- **R2 4750** - Psychological - Strong
- **R1 4745** - 22 November/**Record high** - Medium
- **S1 4632** - 10 November low - Medium
- **S2 4500** - Psychological - Strong

US SPX 500 - fundamental overview

We're trading just off fresh record highs, and yet, with so little room for additional central bank accommodation, given an already depressed interest rate environment, the prospect for sustainable runs to the upside on easy money policy incentives and government stimulus, should no longer be as enticing to investors. Meanwhile, ongoing worry associated with coronavirus fallout and risk of rising inflation should weigh more heavily on investor sentiment in Q4 2021.

GOLD (SPOT) - technical overview

The 2019 breakout above the 2016 high at 1375 was a significant development, opening the door for fresh record highs and an acceleration beyond the next major psychological barrier at 2000. Setbacks should now be well supported above 1600.



- **R2 1917** - 1 June high - Strong
- **R1 1878** - 16 November high - Medium
- **S1 1759** - 3 November low - Medium
- **S2 1722** - 29 September 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, and coronavirus fallout. 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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