

Global FX Insights

by LMAX Group Research & Analytics

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

Mixed US inflation data triggers profit taking on Dollar longs

🔊 [Wake-up call](#)

Wednesday's highly anticipated US CPI release proved to be somewhat of a non-event for the market. This was reconciled by the fact that the data came in mixed with headline inflation rising for the first time in six months, while core inflation sunk to its lowest since September 2021.

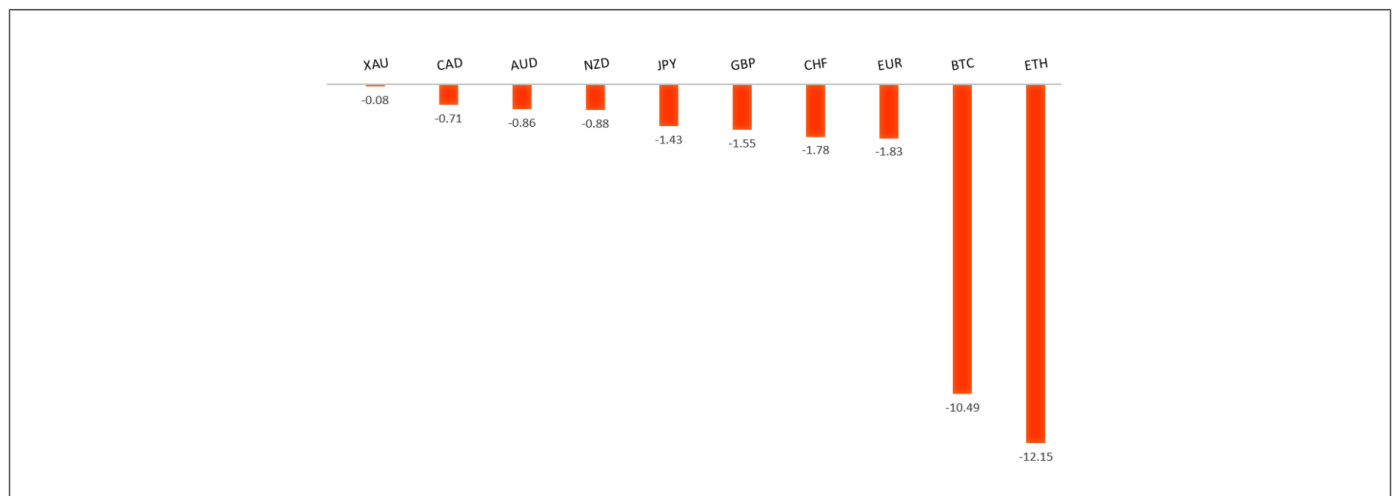
Technical highlights [▶ Daily Video](#)

- [EURUSD](#) Closer to finding higher low
- [GBPUSD](#) Strong support into 1.2000
- [USDJPY](#) Well supported on dips
- [AUDUSD](#) Trying to bottom out
- [USDCAD](#) Continues to push higher
- [NZDUSD](#) Wants to carve out bottom
- [US SPX 500](#) Next lower top sought out
- [GOLD](#) (spot) Structure remains constructive

Fundamental highlights

- [EURUSD](#) All eyes on ECB policy decision
- [GBPUSD](#) Pound holds up despite soft data
- [USDJPY](#) PM Kishida reshuffling cabinet
- [AUDUSD](#) Aussie jobs report leans upbeat
- [USDCAD](#) Canada wholesale sales on tap
- [NZDUSD](#) Kiwi home sales jump in August
- [US SPX 500](#) Messy combo of slowing growth, inflation
- [GOLD](#) (spot) Dealers report plenty of demand

30 Day Performance vs. US dollar (%)



Suggested reading

- [The 'Peak Oil' Sequel Comes With a New Twist](#), J. Authers, **Bloomberg** (September 13, 2023)
- [Sketchy Politics: Are all the pieces in place for Starmer?](#), R. Shrimley, **FT** (September 12, 2023)

EURUSD - technical overview

The Euro remains well supported on dips following a run to the topside through 1.1000. Any additional setbacks should be well supported ahead of 1.0500 in favor of a bullish continuation. Ultimately, only a monthly close back below 1.0500 would give reason for concern. Next key resistance comes in the form of the 2023 high at 1.1276.



- **R2 1.0946** - 30 August high - Strong
- **R1 1.0809** - 4 September high - Medium
- **S1 1.0686** - 7 September low - Medium
- **S2 1.0635** - 31 May low - Strong

EURUSD - fundamental overview

Market odds for an ECB rate hike later today trade at around 66%. This has helped to keep the Euro somewhat supported into dips, especially after Eurozone industrial production came in weaker than expected on Wednesday. Meanwhile, the German government looks set to call for a GDP contraction in 2023. Key standouts on Thursday’s calendar come from the ECB policy decision, Canada wholesale sales, US retail sales, producer prices, initial jobless claims, and business inventories.

EURUSD - Technical charts in detail

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GBPUSD - technical overview

Signs have emerged of the market wanting to put in a longer-term base after collapsing to a record low in September 2022. The November 2022 monthly close back above 1.2000 strengthens this prospect. Any setbacks should now be well supported ahead of 1.2500. Next key resistance comes in at 1.3143.



- **R2 1.2747** - 30 August high - Strong
- **R1 1.2643** - 4 September high - Medium
- **S1 1.2434** - 13 September low - Medium
- **S2 1.2400** - Figure - Medium

GBPUSD - fundamental overview

The Pound has held up rather well in the aftermath of a round of softer UK data and declining rate expectations. On Wednesday, both GDP and industrial production prints were disappointing. Key standouts on Thursday's calendar come from the ECB policy decision, Canada wholesale sales, US retail sales, producer prices, initial jobless claims, and business inventories.

[Watch now](#)

USDJPY - technical overview

At this stage, it looks like the market is wanting to resume the bigger picture uptrend and head back towards a retest of that multi-year high from October 2022 up at 151.95. Look for any weakness to continue to be well supported on dips.



- **R2 148.00** - Figure - Medium
- **R1 147.88**- 8 September/**2023 high** - Medium
- **S1 145.90** - 11 September low - Medium
- **S2 144.44** - 1 September low - Strong

USDJPY - fundamental overview

The Yen has been finding renewed offers after the latest Japan producer prices print declined to its slowest since March 2021. Meanwhile, PM Kishida continues to reshuffle cabinet amid declining poll numbers. Key standouts on Thursday's calendar come from the ECB policy decision, Canada wholesale sales, US retail sales, producer prices, initial jobless claims, and business inventories.

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AUDUSD - technical overview

There are signs of the potential formation of a longer-term base with the market trading down into a meaningful longer-term support zone. Only a monthly close below 0.6400 would give reason for rethink. Back above 0.6523 will take the immediate pressure off the downside and strengthen case for a bottom.



- **R1 0.6617** - 10 August high - Strong
- **R2 0.6523** - 30 August high - Medium
- **S1 0.6357** - 6 September/2023 low - Strong
- **S2 0.6300** - Figure - Medium

AUDUSD - fundamental overview

The Australian Dollar is getting an added boost on Thursday after the latest round of Aussie employment data produced some above forecast readings. Key standouts on Thursday's calendar come from the ECB policy decision, Canada wholesale sales, US retail sales, producer prices, initial jobless claims, and business inventories.

USDCAD - technical overview

Above 1.3000 signals an end to a period of longer-term 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 1.4000 area. Setbacks should be very well supported down into the 1.3000 area.



- **R2 1.3700** - Figure - Strong
- **R1 1.3695** - 7 September high - Medium
- **S1 1.3521** - 13 September low - Medium
- **S2 1.3489** - 1 September low - Strong

USDCAD - fundamental overview

The price of oil has been running higher, extending to fresh yearly highs. This has helped to rally the Canadian Dollar. The local market in Canada is still pricing a cumulative 40%-50% chance of an additional rate hike by year end, which has also helped to inspire renewed bids in the Canadian Dollar after last week's decline from softer Canada employment data. Key standouts on Thursday's calendar come from the ECB policy decision, Canada wholesale sales, US retail sales, producer prices, initial jobless claims, and business inventories.

NZDUSD - technical overview

Overall pressure remains on the downside with the market once again stalling out on a run up into the 0.6500 area. Ultimately, a break back above 0.6015 would be required to take the immediate pressure off the downside. A monthly close below 0.6000 would intensify bearish price action.



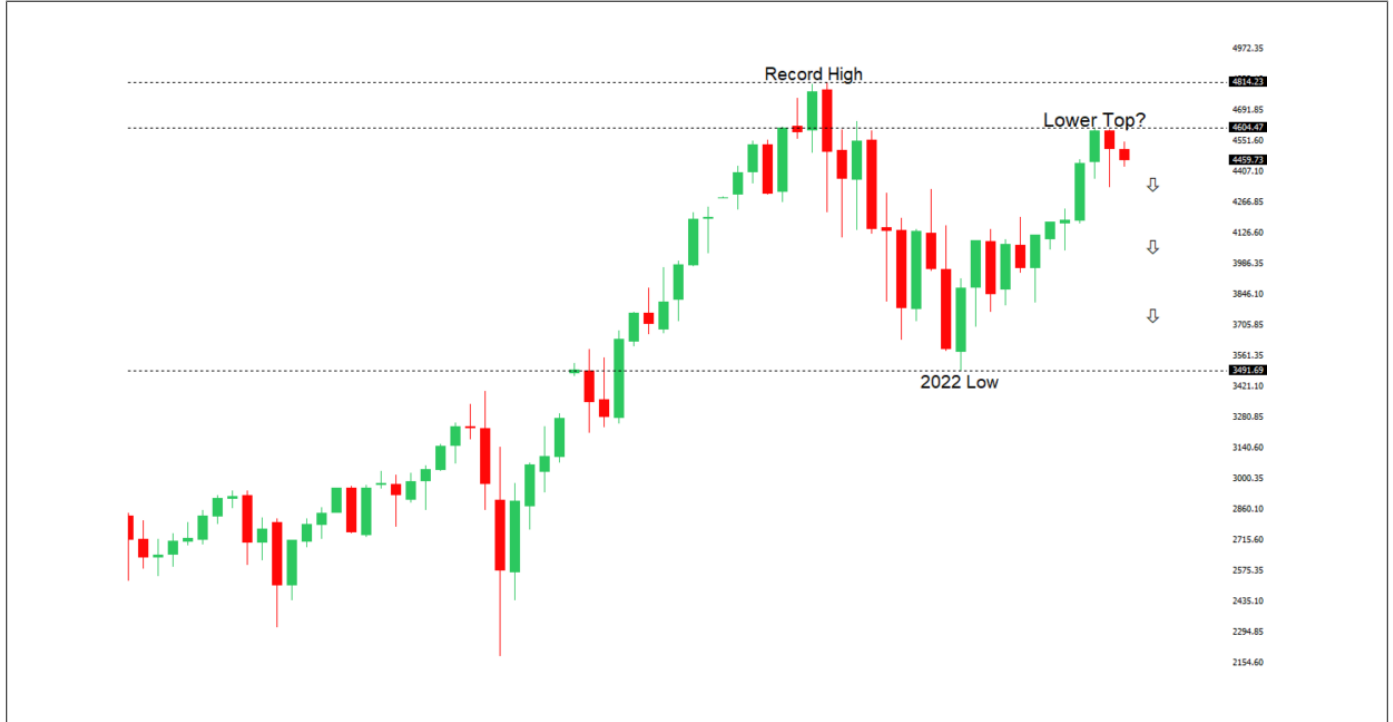
- **R2 0.6133** - 4 August high - Strong
- **R1 0.6015** - 1 September high - Medium
- **S1 0.5859** - 5 September/**2023 low** - Medium
- **S2 0.5841** - 10 November 2022 low - Medium

NZDUSD - fundamental overview

New Zealand August house sales jumped, while food prices were also on the rise, which opened some demand for the New Zealand Dollar on the expectation the data could lead to a more hawkish leaning RBNZ outlook. Key standouts on Thursday's calendar come from the ECB policy decision, Canada wholesale sales, US retail sales, producer prices, initial jobless claims, and business inventories.

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. A monthly close back above 4600 will be required to take the immediate pressure off the downside. Next key support comes in at 4328.



- **R2 4541** - 4 August high - Medium
- **R1 4533** - 31 August high - Medium
- **S1 4328** - 26 June low - Medium
- **S2 4300** - Round Number - Strong

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, even in the face of a less certain growth outlook. Overall, we expect inflation to continue to be a problem in 2023 that results in downside pressure into rallies despite market expectations that would argue otherwise.

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 1600 on a monthly close basis ahead of the next major upside extension. Next major resistance comes in at 2100, above which opens the next extension towards 2500.



- **R2 1988** - 20 July high - Strong
- **R1 1950** - 30 August high - Medium
- **S1 1885** - 21 August low - Medium
- **S2 1871** - 10 March high - 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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