

# Global FX Insights

by LMAX Group Research & Analytics

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

## Monetary policy divergence back in focus [Wake-up call](#)

Thursday's US producer prices came in hot, while retail sales were solid and well above forecast. What this means is that the Fed is still in position to be tightening, which on net, should translate to more US Dollar demand.

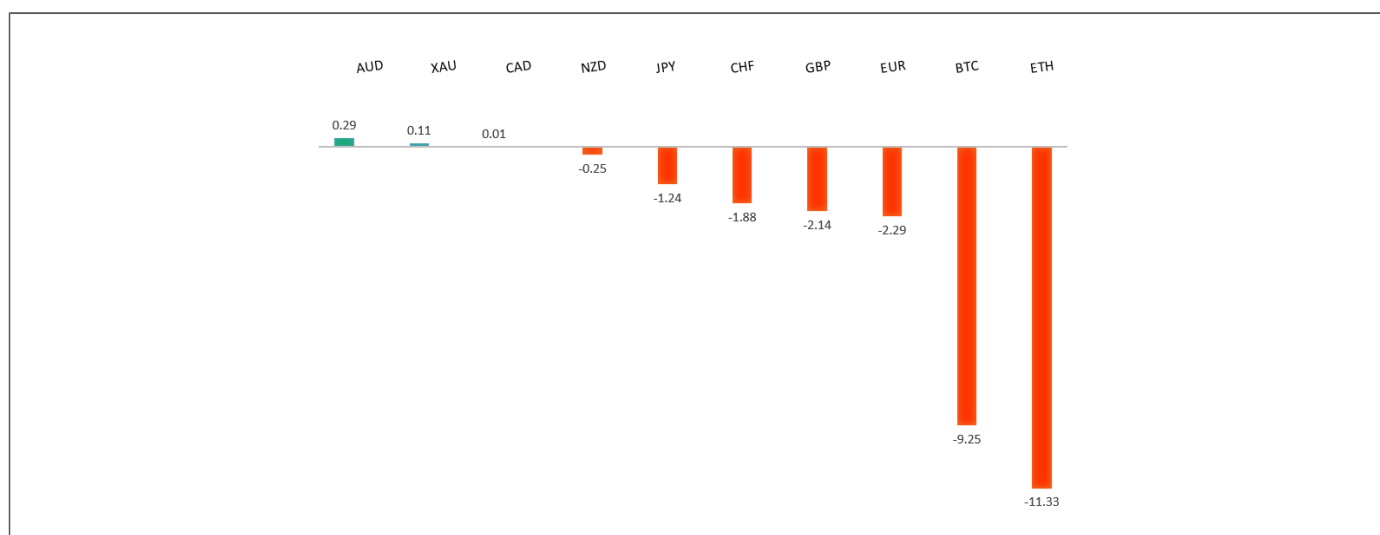
### Technical highlights [Daily Video](#)

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

### Fundamental highlights

- [EURUSD](#) Euro sinks on ECB's dovish hike
- [GBPUSD](#) Peak rates slide on house price plunge
- [USDJPY](#) Yen gives back gains from BOJ Ueda
- [AUDUSD](#) China data comes in above forecast
- [USDCAD](#) Loonie shrugs off data on hot commodities
- [NZDUSD](#) RBNZ predicts negative growth in H2
- [US SPX 500](#) Messy combo of slowing growth, inflation
- [GOLD \(spot\)](#) Dealers report plenty of demand

## 30 Day Performance vs. US dollar (%)



## Suggested reading

- [Happy Lehman Day to All Who Celebrate... Anyone?.](#) J. Authers, **Bloomberg** (September 15, 2023)
- [Can we all be Japan? Apparently Not..](#) R. Wigglesworth, **FT** (September 13, 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 1.0770** - 12 September high - Strong
- **R1 1.0700** - Figure - Medium
- **S1 1.0632** - 14 September low - Medium
- **S2 1.0600** - Figure -Medium

## EURUSD - fundamental overview

The Euro came under intense pressure on Thursday after the dovish hike from the ECB which included downgraded growth forecasts. The central bank raised rates 25 basis points but also signaled an end to the rate hike cycle after saying "based on its current assessment, the Governing Council considers that the key ECB interest rates have reached levels that, maintained for a sufficiently long duration, will make a substantial contribution to the timely return of inflation to the target." Key standouts on Friday's calendar come from Eurozone trade, wage growth, an ECB Lagarde speech, Canada foreign securities purchases, Canada manufacturing sales, US import prices, New York manufacturing, US industrial production, and Michigan sentiment.

## EURUSD - Technical charts in detail

[Watch now](#)

## 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 1.2000. Next key resistance comes in at 1.3143.



- **R2 1.2549** - 11 September high - Strong
- **R1 1.2500** - Psychological - Medium
- **S1 1.2396** - 14 September low - Medium
- **S2 1.2368** - 5 June low - Medium

## GBPUSD - fundamental overview

**The Pound took a hard hit on Thursday** after UK RICS house prices plunged to their lowest level since 2009. The local rate market now essentially sees just one more BOE hike on September 21. Implied peak rates have extended declines in response, down almost 100 basis points from two months ago to near 5.50%. Key standouts on Friday's calendar come from Eurozone trade, wage growth, an ECB Lagarde speech, Canada foreign securities purchases, Canada manufacturing sales, US import prices, New York manufacturing, US industrial production, and Michigan sentiment.

[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 given back all of the gains** from earlier in the week that had come from the BOJ Governor flagging the possibility of the end to negative interest rate policy should prices and wages continue to rise. Japanese markets will be closed on Monday in observance of the aged public holiday, with the BOJ's monetary policy decision scheduled for next Friday. Key standouts on Friday's calendar come from Eurozone trade, wage growth, an ECB Lagarde speech, Canada foreign securities purchases, Canada manufacturing sales, US import prices, New York manufacturing, US industrial production, and Michigan sentiment.

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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 has enjoyed a nice recovery on the back of this week's solid Australian jobs report and this latest upbeat data out of China. Earlier today, China industrial production and retail sales came in well above forecast. Key standouts on Friday's calendar come from Eurozone trade, wage growth, an ECB Lagarde speech, Canada foreign securities purchases, Canada manufacturing sales, US import prices, New York manufacturing, US industrial production, and Michigan sentiment.

## 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 1.3500** - Psychological - Medium
- **S2 1.3489** - 1 September low - Strong

## USDCAD - fundamental overview

**Canada wholesale sales fell short of expectation** but this didn't matter with oil extending its run of yearly highs and commodities bid overall. Key standouts on Friday's calendar come from Eurozone trade, wage growth, an ECB Lagarde speech, Canada foreign securities purchases, Canada manufacturing sales, US import prices, New York manufacturing, US industrial production, and Michigan sentiment.

# 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.



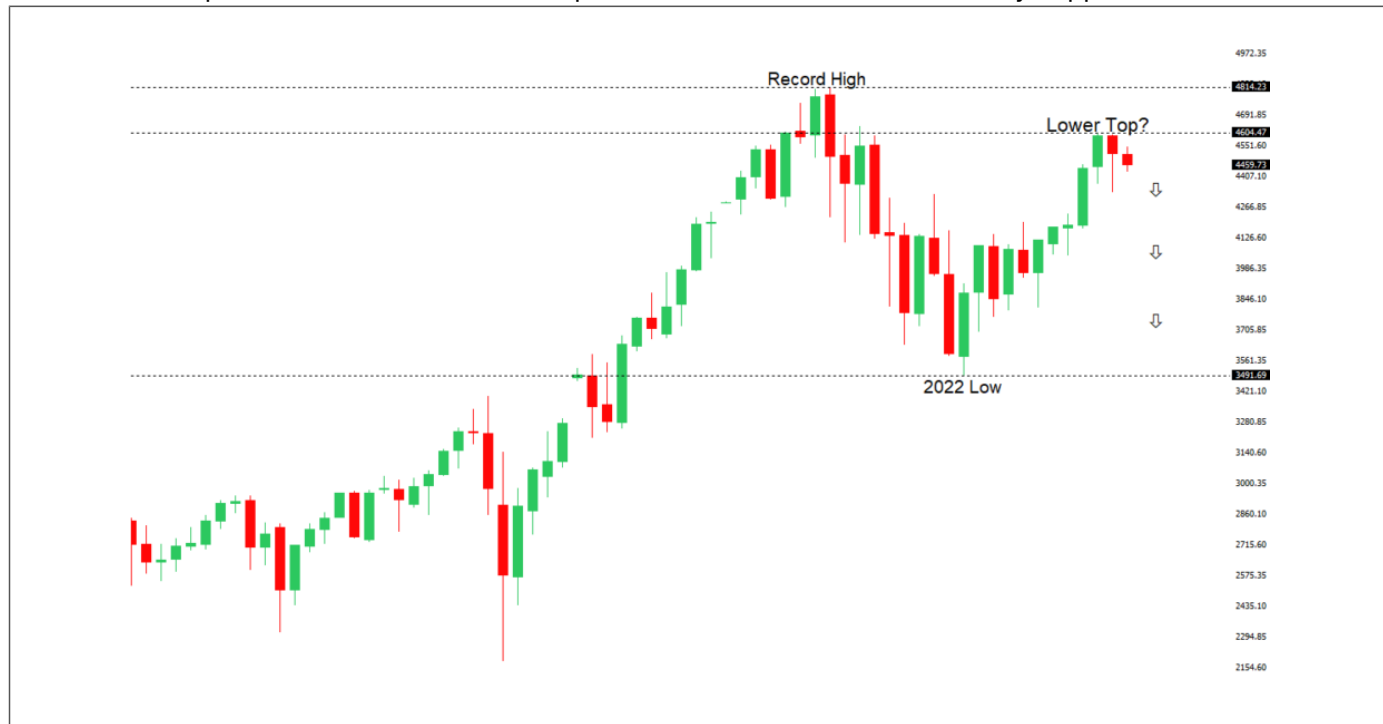
- **R2 0.6133** - 4 August high - Strong
- **R1 0.6015** - 1 September high - Medium
- **S1 0.5859** - 5 September/2023 low - Medium
- **S2 0.5841** - 10 November 2022 low - Medium

# NZDUSD - fundamental overview

**Kiwi has done a good job recovering early Friday** after struggling with fresh lows in the NZSE, and the RBNZ predicting negative GDP in the second half of the year. It seems better bid commodities prices and solid data out of China have helped to offset the downside price action. Key standouts on Friday’s calendar come from Eurozone trade, wage growth, an ECB Lagarde speech, Canada foreign securities purchases, Canada manufacturing sales, US import prices, New York manufacturing, US industrial production, and Michigan sentiment.

# 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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