Global FX Insights
by LMAX Group Research & Analytics

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

More bad news, more risk on flow  🚨 Wake-up call

The run of broad-based US Dollar outflows and demand for risk assets has accelerated. And yet, we continue to highlight our concern about why the Dollar selling has been happening and why stocks have been so well bid.

Technical highlights  🎥 Daily Video

- **EURUSD** Trying to put in recovery
- **GBPUSD** Strong support into 1.2000
- **USDJPY** Higher low sought out
- **AUDUSD** Signs of bottoming out
- **USDCAD** Setbacks should be supported
- **NZDUSD** Sinks into strong support zone
- **US SPX 500** Rallies should be well capped
- **GOLD** (spot) Into bullish consolidation

Fundamental highlights

- **EURUSD** ECB unwilling to rule out more hikes
- **GBPUSD** BOE still concerned about persistent inflation
- **USDJPY** Broad based USD outflows prop Yen
- **AUDUSD** Aussie gets nice boost from local data
- **USDCAD** Canada economic data soft despite price action
- **NZDUSD** Kiwi moving along with macro flow
- **US SPX 500** Geopolitical risk and inflation worry
- **GOLD** (spot) Global outlook supportive of higher price

30 Day Performance vs. US dollar (%)

![30 Day Performance Chart]

Suggested reading

- **Big Oil To Big EV: Energy Companies Are All In On EVs**, T. Levin, *Insider* (November 3, 2023)
- **US lawyers keep up their attacks on big chemical companies**, P. Temple-West, *FT* (November 6, 2023)
EURUSD - technical overview

Any additional setbacks should be well supported on dips below 1.0500 in favor of the start to the next major upside extension. Ultimately, only a monthly close back below 1.0500 would give reason for concern. Back above 1.0770 will take the immediate pressure off the downside.

<table>
<thead>
<tr>
<th>Level</th>
<th>Date</th>
<th>Description</th>
</tr>
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<tbody>
<tr>
<td>R2 1.0770</td>
<td>12 September high</td>
<td>Strong</td>
</tr>
<tr>
<td>R1 1.0747</td>
<td>3 November high</td>
<td>Medium</td>
</tr>
<tr>
<td>S1 1.0609</td>
<td>3 November low</td>
<td>Medium</td>
</tr>
<tr>
<td>S2 1.0517</td>
<td>1 November low</td>
<td>Medium</td>
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EURUSD - fundamental overview

The Euro has surged to a six week high, this mostly on the back of continued broad based US Dollar outflows and renewed risk appetite. Overall, Eurozone economic data hasn't been all that impressive of late, though another source of demand could be coming from recent ECB speak, including ECB Schnabel who said the central bank couldn't close the door on additional rate hikes. Key standouts on Monday’s calendar come from German, Eurozone, and UK PMI reads, and Canada Ivey PMIs.

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 1.2425.

- **R2 1.2425** – 19 September high – Strong
- **R1 1.2390** – 3 November high – Medium
- **S1 1.2289** – 24 October high – Medium
- **S2 1.2184** – 3 November low – Medium

GBPUSD - fundamental overview

Most of the demand for the Pound we’ve been seeing in recent sessions is coming from broad based US Dollar outflows. Having said that, we have seen additional GBP demand on a UK services PMI beat and hawkish BOE comments. BOE Pill was on the wires saying the central bank hadn't considered cutting rates, with the MPC still concerned about persistent inflation. Key standouts on Monday’s calendar come from German, Eurozone, and UK PMI reads, and Canada Ivey PMIs.

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 151.72 – 31 October/2023 high – Strong
- R1 150.00 – Psychological – Medium
- S1 149.19 – 3 November low – Medium
- S2 148.80 – 30 October low – Stronger

USDJPY - fundamental overview

Japanese markets were closed this past Friday, though this didn't stop the Yen from extending its recent recovery. Still, most of the Yen demand is coming from broad based US Dollar outflows than anything else. There was nothing of interest out of the BOJ Minutes. Key standouts on Monday’s calendar come from German, Eurozone, and UK PMI reads, and Canada Ivey PMIs.

Watch now
**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 0.6200 would give reason for rethink. Back above 0.6523 will take the immediate pressure off the downside and strengthen case for a bottom.

- **R1 0.6523** - 30 August high - Strong
- **R2 0.6520** - 6 November high - Medium
- **S1 0.6445** - 11 October high - Medium
- **S2 0.6387** - 2 November low - Medium

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**AUDUSD - fundamental overview**

The Australian Dollar has been getting an additional boost from a round of better than expected economic data including PMI reads, retail sales, and higher inflation indicators. Key standouts on Monday’s calendar come from German, Eurozone, and UK PMI reads, and Canada Ivey PMIs.
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 1.3786** – 5 October high – Medium
- **R1 1.3761** – 3 November high – Medium
- **S1 1.3646** – 6 November low – Medium
- **S2 1.3605** – 17 October low – Medium

USDCAD - fundamental overview

The Canadian Dollar has been enjoying a round of demand in response to a wave of broad based US Dollar selling. However, Canada fundamentals are less than encouraging of late, which should have many a trader thinking twice about expecting any sustainable demand for the Loonie. The latest run of Canada PMI data and employment reads both disappointed. Key standouts on Monday’s calendar come from German, Eurozone, and UK PMI reads, and Canada Ivey PMIs.
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 0.6056 would be required to take the immediate pressure off the downside. A monthly close below 0.5800 will intensify bearish price action.

- **R2 0.6056** – 11 October high – Strong
- **R1 0.6001** – 3 November high – Medium
- **S1 0.5900** – Figure – Medium
- **S2 0.5884** – 3 November low – Medium

NZDUSD - fundamental overview

The recent bid in the New Zealand Dollar has been helped along by last Friday's announcement of the final result of the New Zealand general elections, with the winning National Party now confirmed to require the support of at least two other parties to achieve a majority in Parliament. We've also seen demand on the back of broad based US Dollar selling, renewed risk on flow, and an ANZ commodity price increase. Key standouts on Monday's calendar come from German, Eurozone, and UK PMI reads, and Canada Ivey PMIs.
**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 4400 will be required to take the immediate pressure off the downside. Next key support comes in at 4103.

- **R2 4398** – 12 October high – Strong
- **R1 4374** – 3 November high – Medium
- **S1 4308** – 3 November low – Medium
- **S2 4239** – 2 November low – Medium

**US SPX 500 - fundamental overview**

Investors continue to struggle with the reality of a higher for longer Fed policy track in the face of ongoing worry around inflation, while also contending with an escalation in geopolitical risk. 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 2071** – 8 March 2022/Record high – Strong
- **R1 2010** – 27 October high – Medium
- **S1 1954** – 24 October low – Medium
- **S2 1908** – 16 October low – Medium

**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 stable and 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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