

Global FX Insights

by LMAX Group Research & Analytics

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

No relief into mid-week 🗣️ [Wake-up call](#)

There has been no relief for financial markets this week, with the US Dollar rally only intensifying and the sell-off in stocks only getting that much uglier. We had seen some attempts at a turnaround on Tuesday, though this proved to be nothing more than a tease.

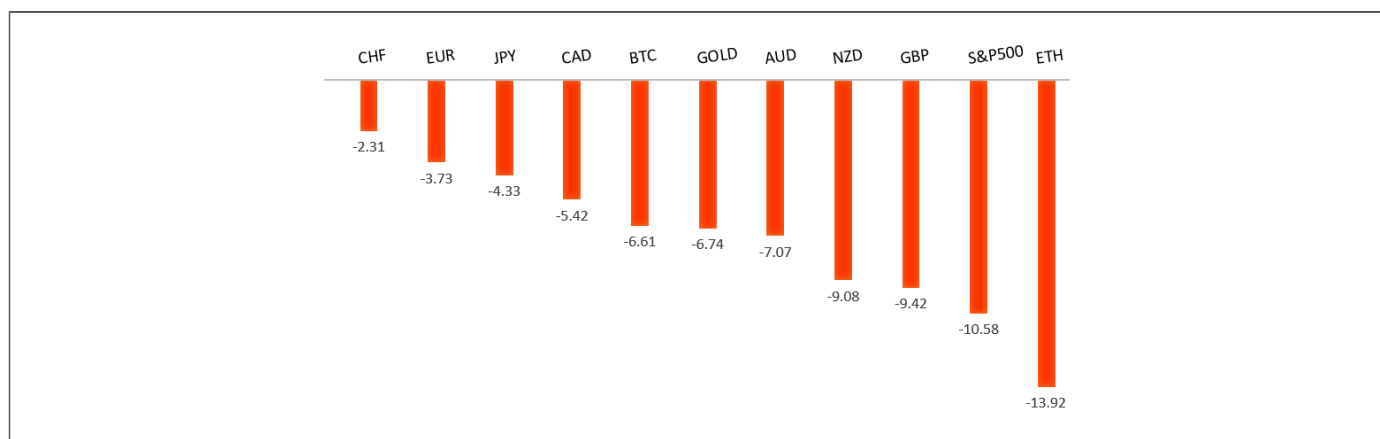
Technical highlights 🎥 [Daily Video](#)

- [EURUSD](#) Downtrend intensifies
- [GBPUSD](#) Sinks to record low
- [USDJPY](#) Upside should be limited
- [AUDUSD](#) Pressure remains on downside
- [USDCAD](#) Pushes to multi-month high
- [NZDUSD](#) Sights set on 2020 low
- [US SPX 500](#) Deeper setbacks ahead
- [GOLD \(spot\)](#) Higher low sought out

Fundamental highlights

- [EURUSD](#) Euro struggles with Nord Stream leak
- [GBPUSD](#) Pound trying to comfort in BOE comments
- [USDJPY](#) Japan spends billion on JPY purchases
- [AUDUSD](#) Aussie can't get any help from retail sales
- [USDCAD](#) Loonie extends slide on macro themes
- [NZDUSD](#) Risk correlated Kiwi getting slammed
- [US SPX 500](#) Inflation headache not going away
- [GOLD \(spot\)](#) Dealers report plenty of demand

30 Day Performance vs. US dollar (%)



Suggested reading

- [Risk Parity Funds Have Failed to Work as Advertised](#), A. Brown, **Bloomberg** (September 27, 2022)
- [Bitcoin Mining: Watt is Money?](#), Rhizomatiks, **Financial Times** (September 27, 2022)

EURUSD - technical overview

The market has come under intense pressure in recent months, with setbacks accelerating below parity. The next major support level comes in the form of the psychological barrier at 0.9000. At the same time, technical studies are tracking in severe oversold territory, suggesting additional setbacks should be limited in favour of some form of a correction. Back above 0.9710 would be required to take the immediate pressure off the downside.



- **R2 0.9865** - 6 September low - Medium
- **R1 0.9710** - 26 September high - Strong
- **S1 0.9543** - 22 September/**2022 low** - Medium
- **S2 0.9500** - Round Number - Medium

EURUSD - fundamental overview

The Euro continues to struggle with the monetary policy divergence between the ECB and Fed, while facing added downside pressure from energy supply problems stemming from the Nord Stream leak. Key standouts on Wednesday’s calendar come from German GfK consumer confidence, an ECB Lagarde speech, a BOE Cunliffe speech, US trade, US pending home sales, and a batch of Fed speak highlighted by Fed Chair Powell.

EURUSD - Technical charts in detail

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GBPUSD - technical overview

The downtrend has been intense, with the market collapsing to a fresh record low after taking out the previous record low from 1985 earlier this week. The next major barrier below comes in at parity, though technical studies are severely extended, begging for some form of meaningful correction back to the topside. Back above 1.0930 will be required to take the immediate pressure off the downside.



- **R2 1.1000** - Psychological - Medium
- **R1 1.0930** - 26 September high - Strong
- **S1 1.0500** - Round Number - Medium
- **S2 1.0350** - 26 September/**Record Low** - Strong

GBPUSD - fundamental overview

The Pound is in crisis mode after collapsing to a record low earlier this week. We have seen some attempts at stabilization on the back of BOE comments warning of aggressive rate hikes ahead. Still concerns around government tax cuts and political stability are weighing heavily right now, all while the currency also contends with broad based US Dollar demand. Key standouts on Wednesday's calendar come from German GfK consumer confidence, an ECB Lagarde speech, a BOE Cunliffe speech, US trade, US pending home sales, and a batch of Fed speak highlighted by Fed Chair Powell.

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USDJPY - technical overview

Technical studies are looking quite stretched on the longer-term chart, warning of consolidation and correction in the days and weeks ahead. Look for additional upside from here to be well capped into the 145.00 area. Next key support comes in at 140.35.



- **R2 146.00** - Figure - Medium
- **R1 145.90** - 22 September/2022 high - Strong
- **S1 141.76** - 23 September low - Medium
- **S2 140.35** - 22 September low - Strong

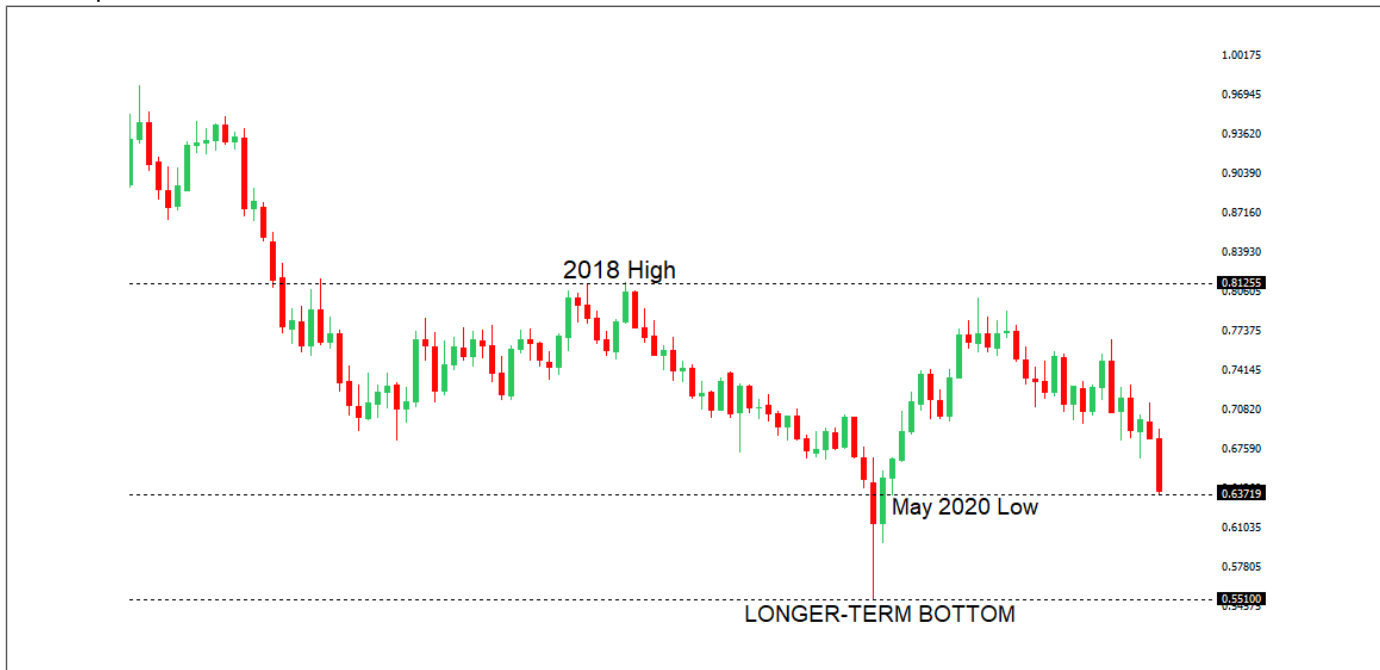
USDJPY - fundamental overview

The Yen has fallen back to multi-year low levels and back towards pre-intervention levels, despite the BOJ's aggressive attempts to force a reversal of flow. Japan was said to have spent some \$25 billion on JPY purchases last week, with little to show for it at this stage. Clearly the broad based US Dollar demand isn't doing anything to help matters. Key standouts on Wednesday's calendar come from German GfK consumer confidence, an ECB Lagarde speech, a BOE Cunliffe speech, US trade, US pending home sales, and a batch of Fed speak highlighted by Fed Chair Powell.

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AUDUSD - technical overview

Overall pressure remains on the downside with the market confined to a well defined downtrend. A break back above 0.6682 would be required to take the pressure off the downside. Until then, scope exists for deeper setbacks towards 0.6000.



- **R1 0.6682** - 14 July low - Strong
- **R2 0.6538** - 26 September high - Medium
- **S1 0.6389** - 28 September/2022 low - Medium
- **S2 0.6300** - Figure - Strong

AUDUSD - fundamental overview

The Australian Dollar hasn't been able to avoid falling victim to this latest wave of broad based US Dollar strength and risk off flow. Recent weakness in the CNH hasn't helped matters either. The one glimmer of optimism into Wednesday comes from the better than expected Aussie retail sales data - though this hasn't done anything to prevent fresh declines. Key standouts on Wednesday's calendar come from German GfK consumer confidence, an ECB Lagarde speech, a BOE Cunliffe speech, US trade, US pending home sales, and a batch of Fed speak highlighted by Fed Chair Powell.

USDCAD - technical overview

A recent surge back above 1.3000 signals an end to a period of 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 1.3900** - Figure - Medium
- **R1 1.3808** - 26 September/**2022 high** - Medium
- **S1 1.3559** - 26 September low - Medium
- **S2 1.3409** - 22 September low - Medium

USDCAD - fundamental overview

Canada economic data has been quite soft of late. Meanwhile, we have yield differentials continuing to lean in the US Dollar's favor, a risk off mood and lower commodities prices all factoring into this drop in the Canadian Dollar to fresh yearly and multi-month lows. Key standouts on Wednesday's calendar come from German GfK consumer confidence, an ECB Lagarde speech, a BOE Cunliffe speech, US trade, US pending home sales, and a batch of Fed speak highlighted by Fed Chair Powell.

NZDUSD - technical overview

Overall pressure remains on the downside with the focus on a retest of the critical low from 2020 at 0.5469. A break back above 0.5755 would be required to take the immediate pressure off the downside.



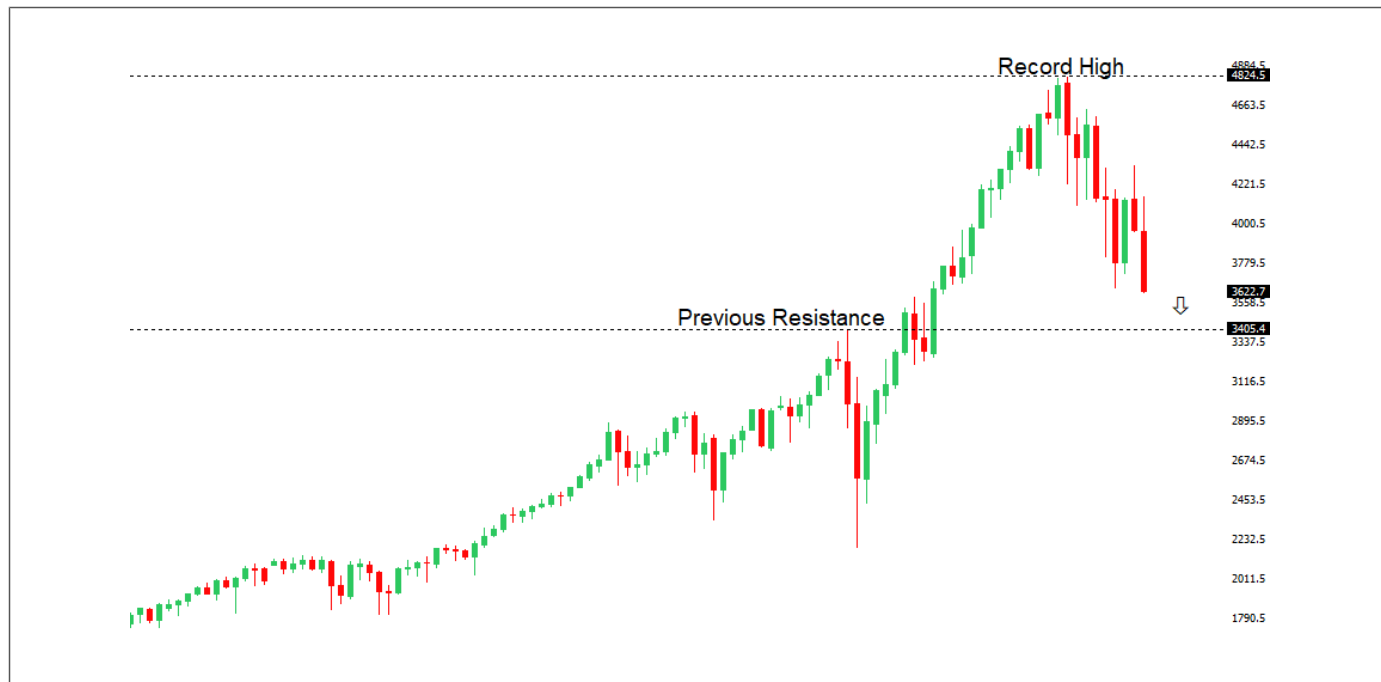
- **R2 0.5857** - 23 September high - Medium
- **R1 0.5755** - 26 September high - Strong
- **S1 0.5565**- 28 September/**2022 low** - Medium
- **S2 0.5500** - Round Number - Strong

NZDUSD - fundamental overview

The risk correlated New Zealand Dollar has extended its run of multi-month lows, this on the back of the latest downturn in global sentiment in the aftermath of another hawkish Fed decision. Key standouts on Wednesday’s calendar come from German GfK consumer confidence, an ECB Lagarde speech, a BOE Cunliffe speech, US trade, US pending home sales, and a batch of Fed speak highlighted by Fed Chair Powell.

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. Back above 3922 will be required at a minimum to take the immediate pressure off the downside. Next major support comes in around 3200.



- **R2 3922** - 20 September high - Strong
- **R1 3770** - 23 September high - Medium
- **S1 3610** - 28 September/2022 low - Medium
- **S2 3600** - Round Number - Medium

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 that risks potential recession in the months ahead. Overall, we expect inflation to continue to be a problem in 2022 that results in downside pressure into rallies.

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.



- **R2 1766** - 25 August high - Strong
- **R1 1736** - 12 September high - Medium
- **S1 1621** - 26 September/**2022 low** - Medium
- **S2 1600** - Round Number - 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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