

Tuesday, June 21, 2022

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Global FX Insights

by LMAX Group Research & Analytics

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

Off to a slow start [Wake-up call](#)

We got off to a rather quiet start to the week. Perhaps the lighter US session contributed to the lackluster activity, or perhaps the market is happy to take a rest after some intense risk off flow.

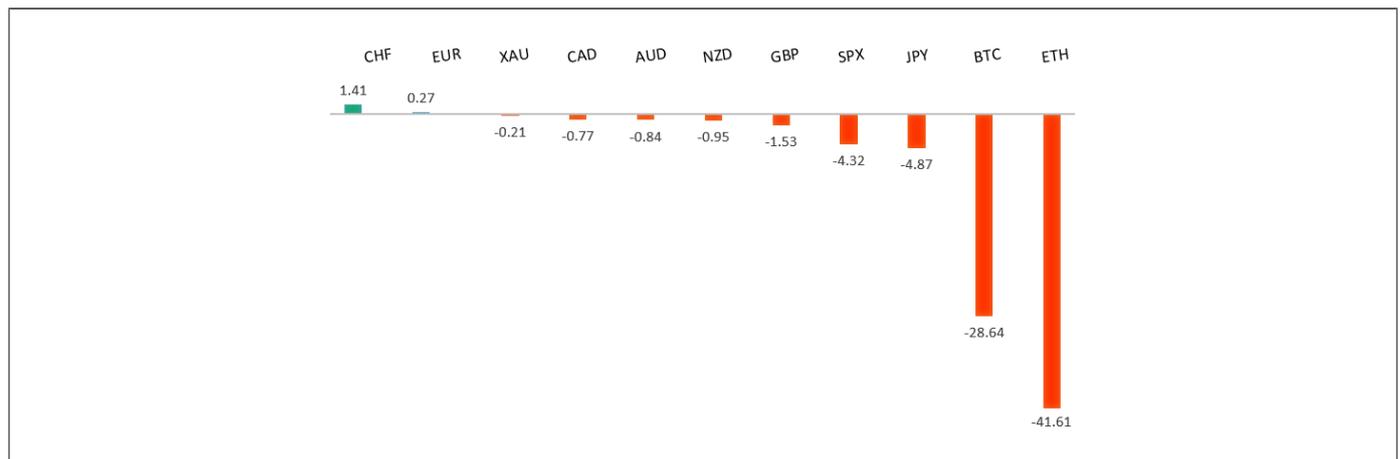
Technical highlights [Daily Video](#)

- [EURUSD](#) Hovers above yearly low
- [GBPUSD](#) Well supported into 1.2000
- [USDJPY](#) Highest levels since 1998
- [AUDUSD](#) Well capped into rallies
- [USDCAD](#) Signs of meaningful base
- [NZDUSD](#) Sights set on 2015 low
- [US SPX 500](#) Next major support 3400
- [GOLD](#) (spot) Bullish consolidation

Fundamental highlights

- [EURUSD](#) Euro up despite political uncertainty
- [GBPUSD](#) BOE Mann props up the Pound
- [USDJPY](#) Yen can't do much with PM Kishida speak
- [AUDUSD](#) Iron ore futures give Aussie a boost
- [USDCAD](#) Oil bounce a help to the Loonie
- [NZDUSD](#) Kiwi lags on consumer confidence slump
- [US SPX 500](#) Stocks vulnerable in 2022
- [GOLD](#) (spot) Dealers report plenty of demand

30 Day Performance vs. US dollar (%)



Suggested reading

- [RBA Lessons for BOJ on How YCC Can End Badly](#), T. Fujioka, **Bloomberg** (June 21, 2022)
- [Is the Northern Ireland Protocol bill a breach of international law?](#), D. Greer, **Financial Times** (June 17, 2022)

EURUSD - technical overview

The market has come under intense pressure in recent weeks, with setbacks accelerating to retest the multi-year low from 2017. A clear break below 1.0300 now sets up the next downside extension towards parity. At the same time, technical studies have been in the process of unwinding from oversold. But back above 1.1000 would be required at a minimum to take the immediate pressure off the downside.



- **R2 1.0643**- 10 June high - Strong
- **R1 1.0602** - 16 June high - Medium
- **S1 1.0359** - 15 June low- Medium
- **S2 1.0350** - 13 May/2022 low - Strong

EURUSD - fundamental overview

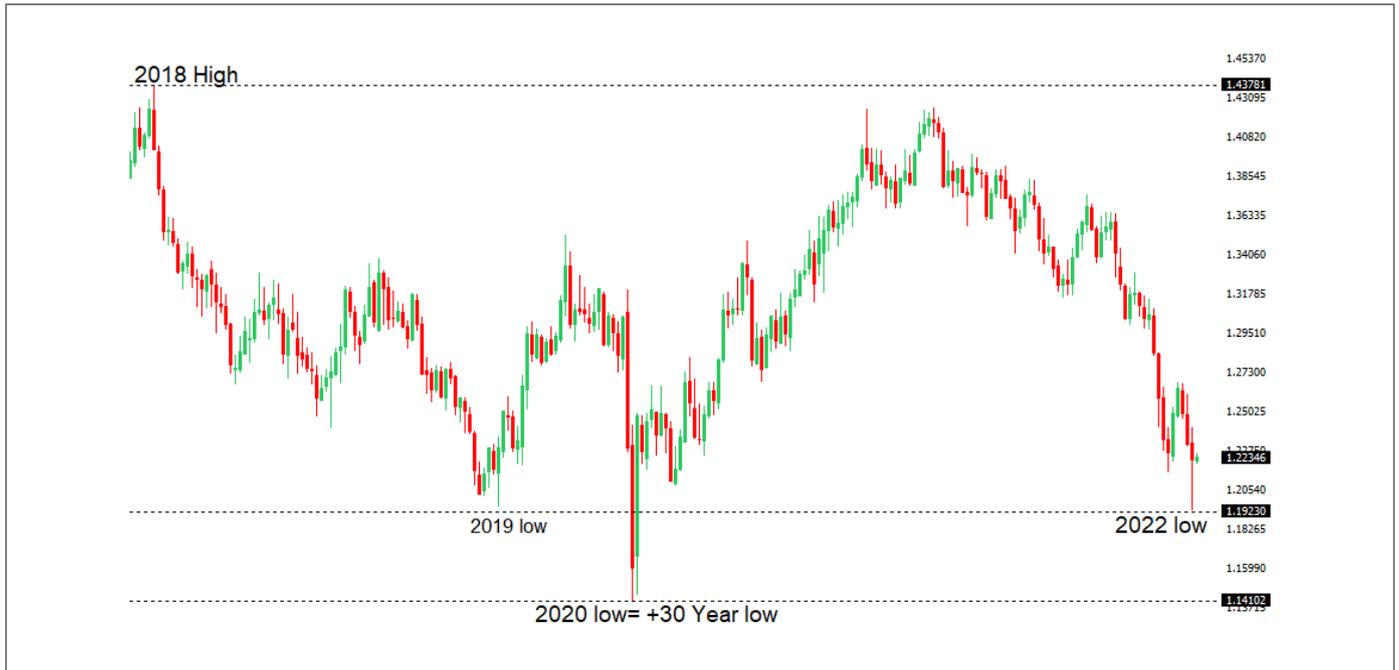
The Euro extended modest gains above 1.0500 despite an uncertain political environment as Macron became the first French president in decades to fail to garner an absolute majority in parliament. Key standouts on Tuesday's calendar come from a BOE Pill speech, the Eurozone current account, Canada retail sales, US existing home sales, and a Fed Barkin speech.

EURUSD - Technical charts in detail

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GBPUSD - technical overview

The market continues to be exceptionally well supported on dips down into the 1.2000 area, with the latest setback once again holding up around the barrier. Overall, the daily trend remains bearish, though there are signs of the market wanting to put in a meaningful bottom ahead of the next major upside extension. Look for a clear break back above 1.2700 to strengthen this outlook. A monthly close below 1.2000 would force a rethink of the outlook.



- **R2 1.2518** - 10 June high - Medium
- **R1 1.2407** - 16 June high - Medium
- **S1 1.2100** - Round number - Medium
- **S2 1.1934** - 14 June/2022 low - Strong

GBPUSD - fundamental overview

The Pound has been getting some support from BOE Mann, after saying the central bank needs to raise rates more aggressively to stave off a sterling depreciation against the dollar that would drive higher inflation. Key standouts on Tuesday’s calendar come from a BOE Pill speech, the Eurozone current account, Canada retail sales, US existing home sales, and a Fed Barkin speech.

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USDJPY - technical overview

The market has rocketed higher to its highest levels since 1998 after breaking through the 2002 high. Technical studies are however looking stretched, with scope for a sizable consolidation and correction in the weeks ahead. Look for additional upside from here to be limited to the 135.00 area. A break back below 130.00 would take the immediate pressure off the topside.



- **R2 136.00** - Figure - Strong
- **R1 135.59** - 15 June/2022 high - Strong
- **S1 131.49** - 16 June low - Medium
- **S2 129.51** - 2 June low - Strong

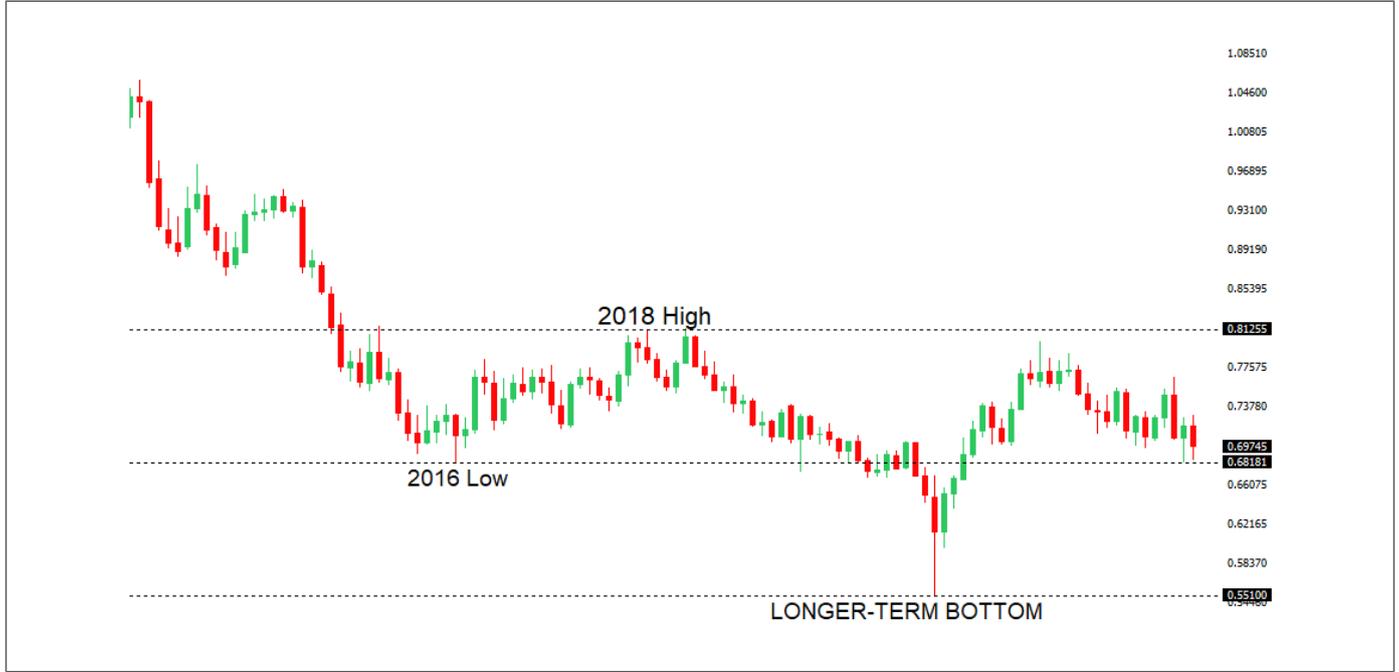
USDJPY - fundamental overview

Japan PM Kishida was on the wires saying BoJ Gov Kuroda expressed his concern over currency movements during a recent meeting. Still, overall, there has been no official change to the BOJ stance and policy divergence continues to play a strong hand here, with market participants focusing on yield differentials that weigh heavily in the US Dollar's favor. The BOJ is clearly still committed to easy policy despite what's going on with other major central banks. Key standouts on Tuesday's calendar come from a BOE Pill speech, the Eurozone current account, Canada retail sales, US existing home sales, and a Fed Barkin speech.

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AUDUSD - technical overview

Overall pressure remains on the downside and conditions remain quite choppy. A break back above 0.7900 would be required to force a shift in the structure and suggest we are seeing a more significant bullish reversal. Until then, scope exists for a retest and break of the yearly low.



- **R1 0.7198** - 9 June high - Medium
- **R2 0.7138** - 10 June high - Medium
- **S1 0.6851** - 14 June low - Medium
- **S2 0.6829** - 12 May/2022 low - Medium

AUDUSD - fundamental overview

The Australian Dollar is getting a prop into Tuesday, this on the back of rallies in stock markets and crude oil, and the rebound in iron ore futures. Key standouts on Tuesday's calendar come from a BOE Pill speech, the Eurozone current account, Canada retail sales, US existing home sales, and a Fed Barkin speech.

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 1.3500 area. Setbacks should be very well supported down into the 1.2500 area.



- **R2 1.3079** - 17 June/2022 high - Strong
- **R1 1.3000** - Psychological - Medium
- **S1 1.2861** - 16 June low - Medium
- **S2 1.2681** - 10 June low - Medium

USDCAD - fundamental overview

Oil is trying to turn back up and global sentiment is also in recovery mode. This is helping to inspire some recovery in the Canadian Dollar as the week gets going. Key standouts on Tuesday’s calendar come from a BOE Pill speech, the Eurozone current account, Canada retail sales, US existing home sales, and a Fed Barkin speech.

NZDUSD - technical overview

Overall pressure remains on the downside and conditions remain quite choppy. A break back above 0.6600 would be required to force a shift in the structure and suggest we are seeing a more significant bullish reversal. Until then, scope exists for fresh yearly lows and a retest of the 2015 low down towards 0.6100.



- **R2 0.6500** - 7 June high - Medium
- **R1 0.6462** - 9 June high - Medium
- **S1 0.6200**- Figure - Medium
- **S2 0.6197** - 14 June/2022 low - Strong

NZDUSD - fundamental overview

New Zealand Q2 consumer confidence slumped to a record low, which has taken some of the wind out of the sails of this latest recovery. The New Zealand Dollar hasn't been able to benefit just yet from the uptick in global sentiment. Key standouts on Tuesday's calendar come from a BOE Pill speech, the Eurozone current account, Canada retail sales, US existing home sales, and a Fed Barkin speech.

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 4,206 will be required at a minimum to take the immediate pressure off the downside. Next major support comes in around 3,400.



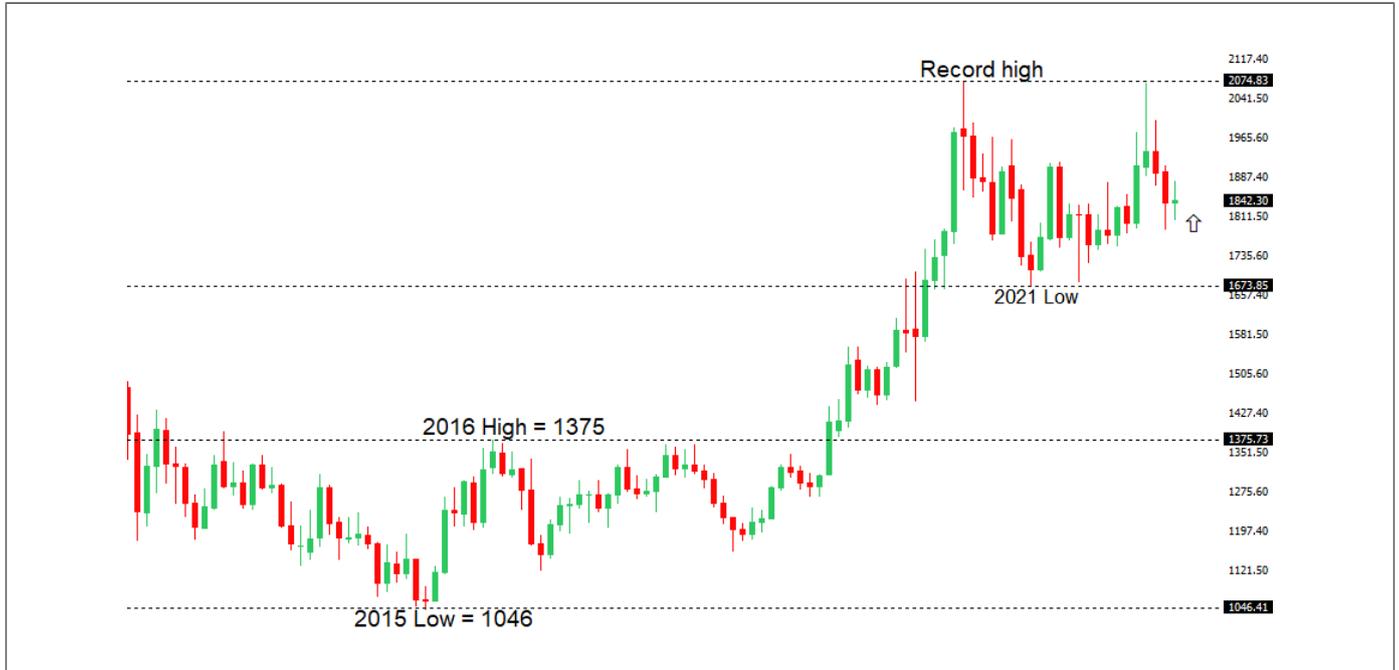
- **R2 4206** - 30 May high - Strong
- **R1 4031** - 10 June high - Medium
- **S1 3700** - Round number - Medium
- **S2 3637** - 17 June/2022 low - Medium

US SPX 500 - fundamental overview

With so little room for additional central bank accommodation, given an already depressed interest rate environment, the prospect for sustainable runs to the topside on easy money policy incentives and government stimulus, should no longer be as enticing to investors. Meanwhile, ongoing worry associated with rising inflation and slower growth should continue to weigh more heavily on investor sentiment in 2022.

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 1700.



- **R2 1999** - 18 April high - Strong
- **R1 1920** - 29 April high - Medium
- **S1 1805** - 14 June low - Strong
- **S2 1787** - 16 May 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 exhausted monetary policy, extended global equities, and inflation risk. 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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