

Global FX Insights

by LMAX Group Research & Analytics

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

Prospect of additional rate hikes unsettling for market [Wake-up call](#)

We've shifted back to a slightly risk off mood into the mid-week, this despite some positive signs out there. Ultimately however, the real market moving story continues to be about US inflation and the Fed monetary policy outlook.

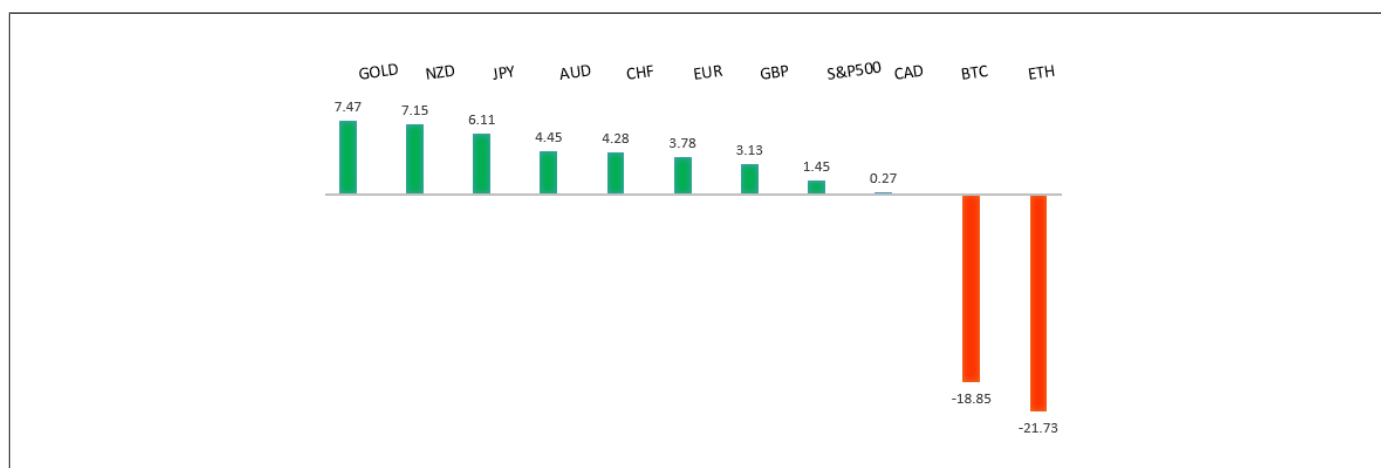
Technical highlights [Daily Video](#)

- [EURUSD](#) Trying to put in base
- [GBPUSD](#) Signs of bottoming out
- [USDJPY](#) Overdue correction plays out
- [AUDUSD](#) Testing important resistance
- [USDCAD](#) Support ahead of 1.3000
- [NZDUSD](#) Corrections should be capped
- [US SPX 500](#) Rally expected to stall out
- [GOLD](#) (spot) Ready for next big push

Fundamental highlights

- [EURUSD](#) ECB rate hike expectations cool
- [GBPUSD](#) BOE Bailey talks more rate hikes
- [USDJPY](#) Japan industrial production disappoints
- [AUDUSD](#) Soft building approvals, soft inflation data
- [USDCAD](#) Flat GDP, ongoing housing data woes
- [NZDUSD](#) RBNZ talks monetary policy framework
- [US SPX 500](#) Inflation headache not going away
- [GOLD](#) (spot) Dealers report plenty of demand

30 Day Performance vs. US dollar (%)



Suggested reading

- [China Worries Help Fuel the Bond Market Rally](#), M. Ashworth, **Bloomberg** (November 29, 2022)
- [Why Did Carlyle's CEO Resign?](#), A. Gara, **Financial Times** (November 28, 2022)

EURUSD - technical overview

A break back above important resistance at 1.0200 suggests the market could be in the process of carving out a longer-term base after sinking to a multi-year low. Look for any setbacks to now be well supported ahead of 0.9900, with only a break back below 0.9730 to compromise the shifting outlook. Next key resistance comes in by previous support at 1.0636.



- **R2 1.0615** - 27 June high - Strong
- **R1 1.0497** - 28 November high - Medium
- **S1 1.0223** - 21 November low - Medium
- **S2 1.0094** - 27 October high - Strong

EURUSD - fundamental overview

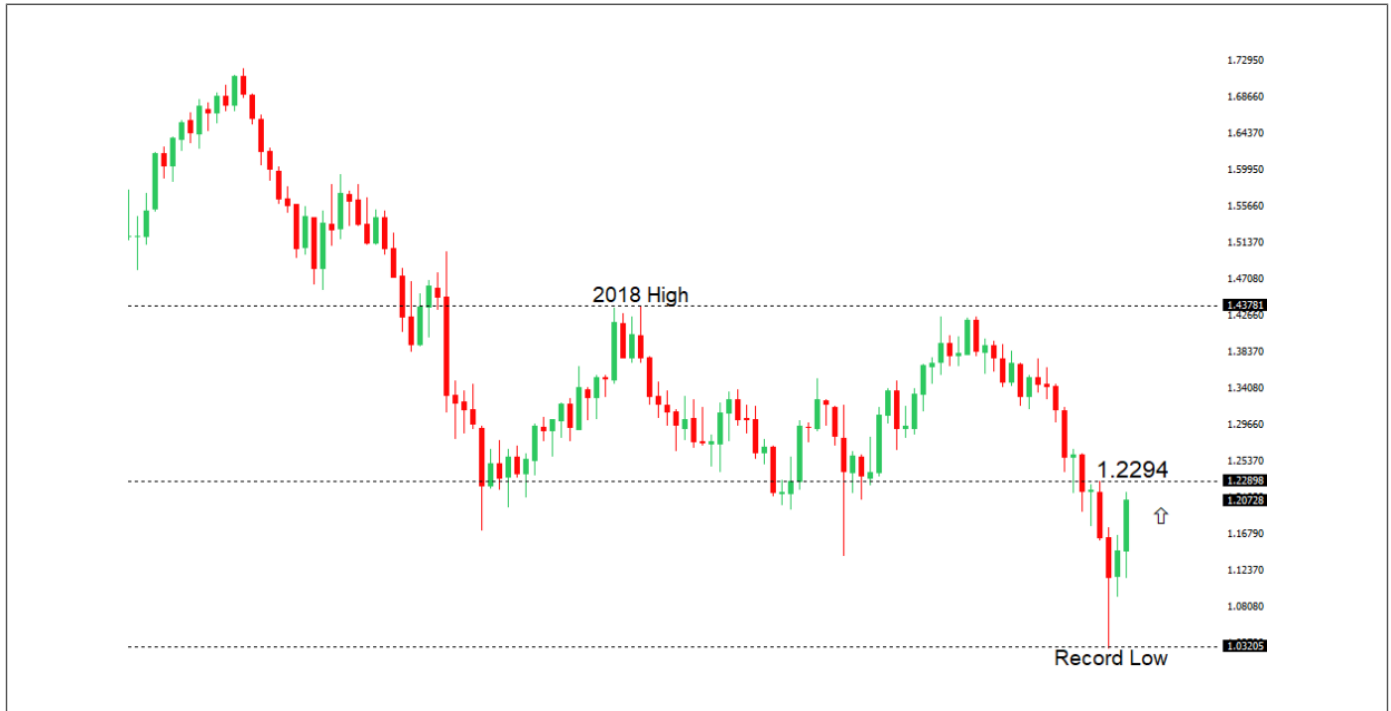
Tuesday's round of softer inflation data out of Germany and Spain have played into the narrative that inflation could be topping out. As a consequence, the euro was weighed down as interest rate hike expectations cooled off. Key standouts on Wednesday's calendar come from German unemployment, a BOE Pill speech, Eurozone inflation, US ADP, GDP, Chicago PMIs, JOLTs job openings, pending home sale, a Fed Powell speech, and the Fed Beige Book.

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. The latest weekly close back above the September high at 1.1739 strengthens this prospect. Any setbacks should now be well supported ahead of 1.1100. Next key resistance comes in at 1.2294.



- **R2 1.2294**- 1 August high - Strong
- **R1 1.2154** - 24 November high - Medium
- **S1 1.1873** - 23 November low - Medium
- **S2 1.1763** - 17 November low - Medium

GBPUSD - fundamental overview

The Pound has come under some pressure as the US Dollar attempts to recover across the board. However, we have seen some relative strength in the Pound, with the currency supported on dips on the back of hawkish comments out from BOE Bailey who said more rates hikes would be coming despite the recession outlook. Key standouts on Wednesday’s calendar come from German unemployment, a BOE Pill speech, Eurozone inflation, US ADP, GDP, Chicago PMIs, JOLTs job openings, pending home sale, a Fed Powell speech, and the Fed Beige Book.

[Watch now](#)

USDJPY - technical overview

Longer-term technical studies are in the process of unwinding from severe overbought readings. Look for additional corrective price action back down towards the 130.00 area before the market considers the possibility of uptrend resumption. Rallies should now be well capped ahead of 147.00.



- **R2 145.10** - 27 October low - Strong
- **R1 142.26** - 21 November high - Medium
- **S1 137.50** - 29 November low - Medium
- **S2 137.00** - Figure - Medium

USDJPY - fundamental overview

The Yen has been better bid in recent sessions, getting a boost from the combination of hotter Japan inflation data and renewed risk off flow. Meanwhile, Japan industrial production came in soft, though this hasn't factored into price action. Key standouts on Wednesday's calendar come from German unemployment, a BOE Pill speech, Eurozone inflation, US ADP, GDP, Chicago PMIs, JOLTs job openings, pending home sale, a Fed Powell speech, and the Fed Beige Book.

[Watch now](#)

AUDUSD - technical overview

There are signs of the potential formation of a longer-term base following the recent surge back above 0.6500. The latest weekly close back above previous support now turned resistance at 0.6682 strengthens the outlook for a bullish structural shift.



- **R1 0.6917** - 13 September high - Strong
- **R2 0.6798** - 15 November high - Medium
- **S1 0.6500** - Psychological - Medium
- **S2 0.6387** - 10 November low - Strong

AUDUSD - fundamental overview

Aussie building approvals fell by a good deal more than expected, while a new inflation data series showed inflation coming down. However, none of this has had any major impact on price action thus far on Wednesday, with Aussie more content to remain confined to consolidation. Key standouts on Wednesday’s calendar come from German unemployment, a BOE Pill speech, Eurozone inflation, US ADP, GDP, Chicago PMIs, JOLTs job openings, pending home sale, a Fed Powell speech, and the Fed Beige Book.

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 1.3700** - Figure - Medium
- **R1 1.3646** - 29 November high - Medium
- **S1 1.3409** - 29 November low - Medium
- **S2 1.3316** - 24 November low - Strong

USDCAD - fundamental overview

The Canadian Dollar has been a standout underperformer in recent weeks, getting hit on soft data and lower oil prices. Most recently, we've seen a flat GDP number and distressing housing data. Key standouts on Wednesday's calendar come from German unemployment, a BOE Pill speech, Eurozone inflation, US ADP, GDP, Chicago PMIs, JOLTs job openings, pending home sale, a Fed Powell speech, and the Fed Beige Book.

NZDUSD - technical overview

Overall pressure remains on the downside with risk for the current recovery rally to stall out and form a lower top for the next major downside extension. A break back above 0.6469 would be required to take the immediate pressure off the downside.



- **R2 0.6469** - 12 August high - Strong
- **R1 0.6290** - 24 November high - Medium
- **S1 0.6065** - 17 November low - Medium
- **S2 0.5970** - 11 November low - Strong

NZDUSD - fundamental overview

The RBNZ was out earlier arguing that it doesn't support changing its Monetary Policy Remit to specify a time-frame within which it should return inflation to target, arguing potential costs overshadow possible benefits. Key standouts on Wednesday's calendar come from German unemployment, a BOE Pill speech, Eurozone inflation, US ADP, GDP, Chicago PMIs, JOLTs job openings, pending home sale, a Fed Powell speech, and the Fed Beige Book.

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 4000 will be required at a minimum to take the immediate pressure off the downside. Next major support comes in around 3200.



- **R2 4150** - 13 September high - Strong
- **R1 4048** - 15 November high - Strong
- **S1 3863** - 8 November high - Medium
- **S2 3699** - 3 November low - 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 that risks potential recession in the months ahead. Overall, we expect inflation to continue to be a problem in Q4 2022 and Q1 2023 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. Back above 1808 will strengthen the bullish outlook.



- **R2 1808** - 7 August high - Strong
- **R1 1787** - 15 November high - Medium
- **S1 1719** - 23 November low - Medium
- **S2 1665** - 8 November 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 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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