

Global FX Insights

by LMAX Group Research & Analytics

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

Recovery or correction? [Wake-up call](#)

The Fed's commitment of unlimited QE has grabbed the market's attention and is helping to prevent further turmoil in stocks, at least for now. On the currency side, we're seeing what you'd expect when a central bank gestures in the way it just did, with the US Dollar getting sold across the board, as yield differentials move out of the Buck's favour.

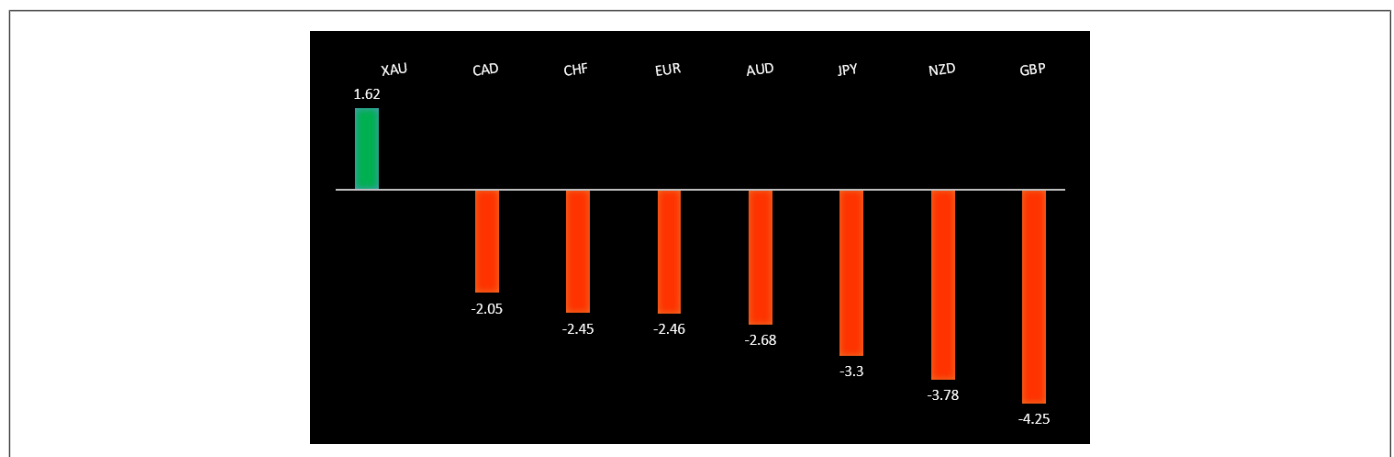
Technical highlights [Daily Video](#)

- [EURUSD](#) Still looking for major higher low
- [GBPUSD](#) Crashes below 1.2000, deeply extended
- [USDJPY](#) Confined to a large choppy triangle range
- [EURCHF](#) Comes into major psychological support
- [AUDUSD](#) Lowest levels since 2003, oversold
- [USDCAD](#) Pushes towards major peak
- [NZDUSD](#) Setbacks looking extended into dip
- [US SPX 500](#) Takes out 2018 low, 2016 low next
- [GOLD](#) (spot) Outlook remains constructive
- [BTCUSD](#) Expected to hold up above 2018 low
- [ETHUSD](#) Additional declines should be limited

Fundamental highlights

- [EURUSD](#) Eurozone, German PMI reads digested
- [GBPUSD](#) UK CBI trends data on tap
- [USDJPY](#) Yen rallies on Fed QE move
- [EURCHF](#) **SNB policy** runs into tough times
- [AUDUSD](#) Mixed data out of Australia
- [USDCAD](#) OIL recovering off the lows
- [NZDUSD](#) Fed overshadows RBNZ
- [US SPX 500](#) Stocks stressed with little left in tank
- [GOLD](#) (spot) Pick up in hard asset demand
- [BTCUSD](#) Bitcoin feels heat of global turmoil
- [ETHUSD](#) Ether exposed to traditional markets

5 Day Performance vs. US dollar



Suggested reading

- [We're Looking at a System-Wide Margin Call](#), S. Ren, **Bloomberg** (March 24, 2020)
- [This Time Truly Is Different](#), C. Reinhart, **Project Syndicate** (March 23, 2020)

EURUSD - technical overview

A higher low is now sought out above the multi-year low from 2017, ahead of the next major upside extension. Look for the major pair to be well supported into dips ahead of the next big run towards the 2019 high at 1.1570. Ultimately, only a weekly close below 1.0700 would compromise this outlook.



- **R2 1.0982** - 19 March high - Strong
- **R1 1.0900** -Figure - Medium
- **S1 1.0638** - 20 March/2020 low - Medium
- **S2 1.0600** - Figure - Strong

EURUSD - fundamental overview

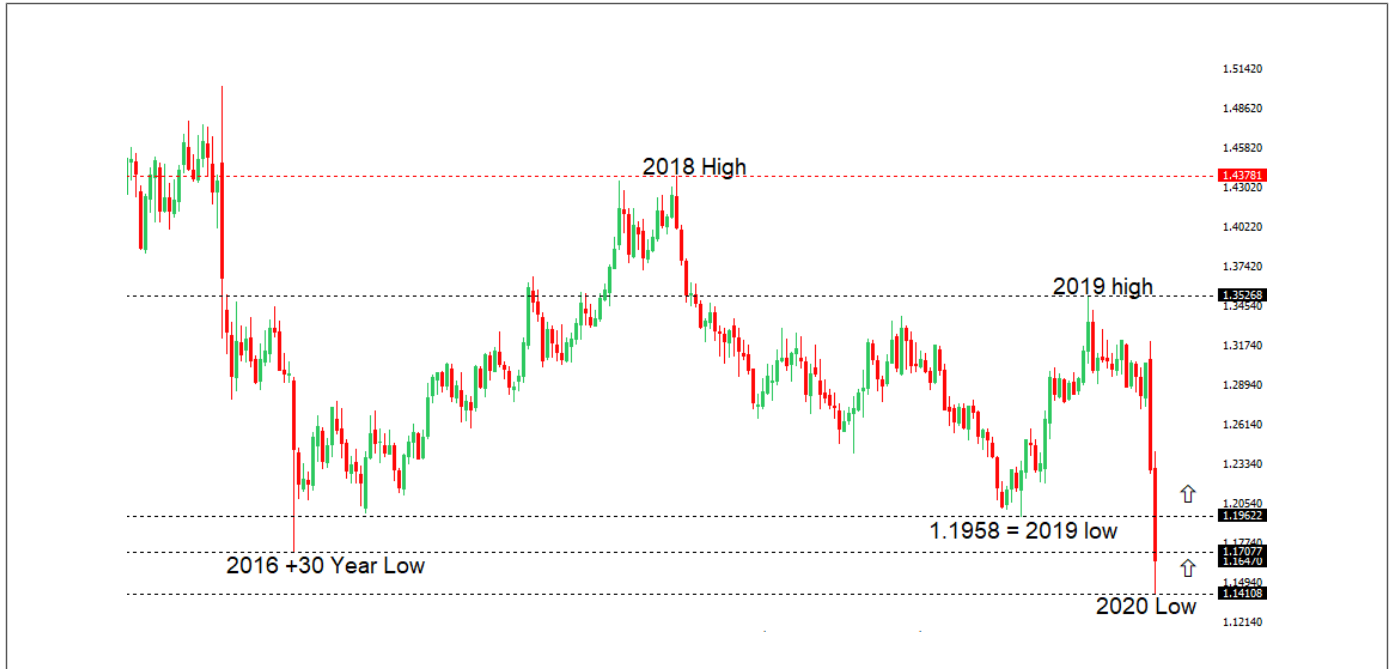
A 750 billion Euro package out of Germany, has been overshadowed by the Fed's signaling of unlimited QE efforts and new lending programs to support companies hurting from the shutdown of the US economy. This latest move over at the Fed has translated to Euro demand, with US Dollar yield differentials suffering from the Fed gesture. Tuesday's calendar features PMI data out of the Eurozone and Germany, UK CBI trends, US PMIs, US new home sales, and Richmond Fed manufacturing.

EURUSD - Technical charts in detail

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GBPUSD - technical overview

The price has accelerated to the downside, with the market trading to a 35 year low below 1.1500. Technical studies are now severely extended and warn of an aggressive bounce at a minimum. A push back above 1.2000 over the coming days will encourage prospect for the establishment of a longer-term base and potential double bottom.



- **R2 1.2130** - 18 March high - Strong
- **R1 1.2000** - Psychological - Medium
- **S1 1.1500** - Psychological- Medium
- **S2 1.1410** - 20 March/+30 year low - Strong

GBPUSD - fundamental overview

The Pound has come back into favour, with the currency recovering from +30 year lows against the Buck. The recovery has been spurred on by the Fed's latest move, in which the central bank committed to an unlimited amount of QE. Meanwhile, in the UK, Boris Johnson has stepped up measures to contain the coronavirus outbreak, calling a national emergency and declaring a state of lockdown, which will be enforced by police. Chancellor Sunak is expected to unveil a bill to fund a potential GBP 350b emergency rescue package of loans and grants to businesses and workers affected by the shutdown. Tuesday's calendar features PMI data out of the Eurozone and Germany, UK CBI trends, US PMIs, US new home sales, and Richmond Fed manufacturing.

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USDJPY - technical overview

We're seeing a pickup in volatility in the major pair, with the market swinging wildly through the upper and lower bound of a massive triangle. Still, there is no clear direction insight, with rallies well capped above 110.00 and dips well supported below 104.00.



- **R2 112.23** - 20 February/2020 high - Strong
- **R1 111.51** - 20 March high - Medium
- **S1 107.85** - 19 March high - Medium
- **S2 106.76** - 18 March low - Strong

USDJPY - fundamental overview

Dips in Japan PMI reads aren't going to factor into price action, with the market focused on bigger picture themes. Though risk appetite has come back a bit, which is supportive of the major pair, this has been offset by the Fed's latest US Dollar bearish gesture committing to an unlimited supply of QE. We've since seen currencies broadly bid against the Buck in the aftermath. Tuesday's calendar features PMI data out of the Eurozone and Germany, UK CBI trends, US PMIs, US new home sales, and Richmond Fed manufacturing.

[Watch now](#)

EURCHF - technical overview

The market remains very well capped into offers and the medium-term picture continues to favour the downside. A break back above 1.0710 would be required to take the immediate pressure off the downside. Technicals are however looking extended and the market should be well supported ahead of 1.0500.



- **R2 1.0834** - 13 January high - Medium
- **R1 1.0710** - 3 March high - Strong
- **S1 1.0524** - 20 March/2020 low - Medium
- **S2 1.0500** - Psychological - Strong

EURCHF - fundamental overview

The SNB remains uncomfortable with Franc appreciation and continues to remind the market it will need to be careful about any attempts at trying to force an appreciation in the currency. But the SNB will also need to be careful right now, as its strategy to weaken the Franc is facing headwinds from a less certain global outlook, and from a US administration that has put Switzerland on its currency manipulator watchlist. Any signs of risk liquidation in 2020, will likely invite a very large wave of demand for the Franc that will put the SNB in the more challenging position of needing to back up its talk with action, that ultimately, may not prove to be as effective as it once was, given where we're at in the monetary policy cycle.

AUDUSD - technical overview

Aussie has recently extended declines to its lowest levels against the Buck since 2003. At the same time, technical studies are looking stretched and any additional setbacks below 0.5500 should be a difficult task, at least over the coming months. Back above the December 2019 high at 0.7032 would however be required to take the immediate pressure off the downside.



- **R2 0.6326** - 13 March high - Strong
- **R1 0.6029** - 18 March high - Medium
- **S1 0.5664** - 20 March low - Medium
- **S2 0.5507** - 19 March/2020 low - Strong

AUDUSD - fundamental overview

The Australian Dollar is enjoying some recovery on Tuesday, with the currency getting help from an improvement in risk appetite from all of the global stimulus, along with the Fed's aggressive commitment to an unlimited supply of QE. Aussie manufacturing data held in expansion territory above 50, though services PMIs plunged to 39.8 from 49.0 previous. Tuesday's calendar features PMI data out of the Eurozone and Germany, UK CBI trends, US PMIs, US new home sales, and Richmond Fed manufacturing.

USDCAD - technical overview

The market has continued to be well supported on dips, extending its run to fresh multi-month highs. The recent push back above the 2017 high now exposes the next upside extension towards a retest of massive resistance in the form of the 2016 high at 1.4690. Look for setbacks to be well supported ahead of 1.3500.



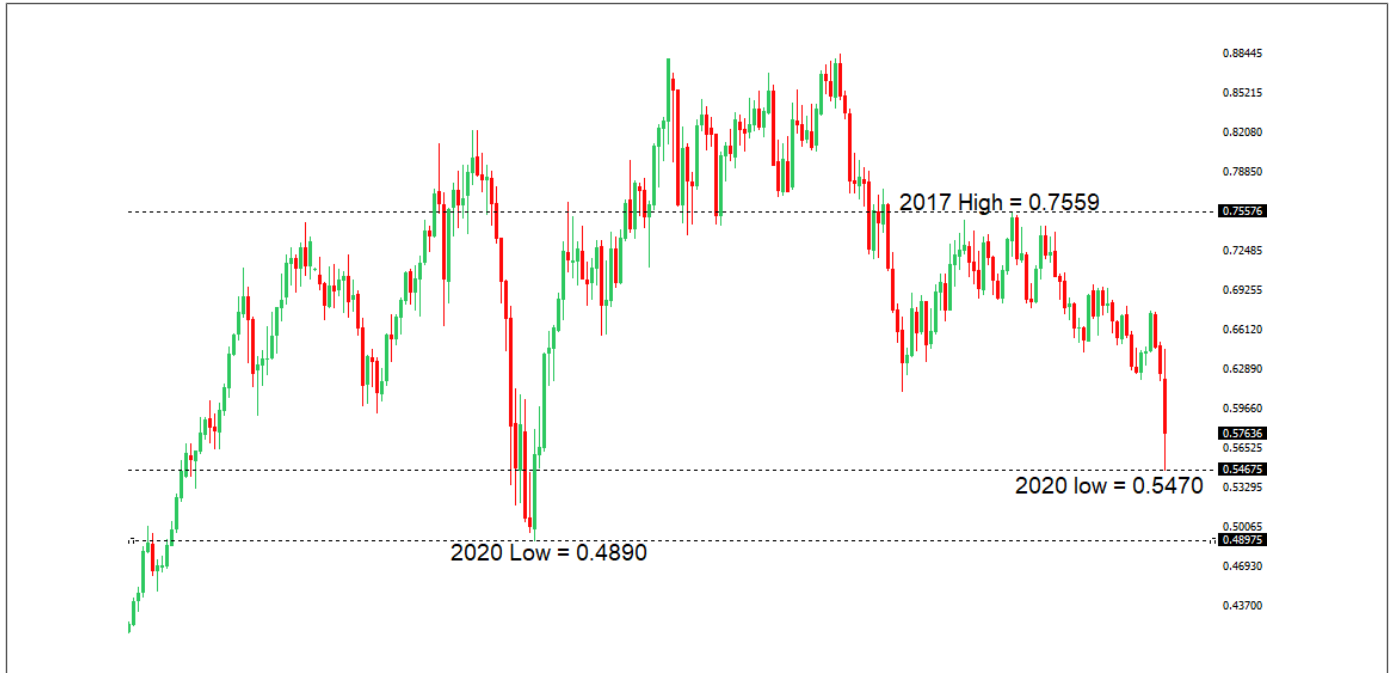
- **R2 1.4690** - 2016 high - Strong
- **R1 1.4668** - 19 March/2020 high - Medium
- **S1 1.4300** - Figure - Medium
- **S2 1.4150** - 20 March low - Strong

USDCAD - fundamental overview

The Canadian Dollar is enjoying some recovery on Tuesday, with the currency getting help from an improvement in risk appetite from all of the global stimulus, along with the Fed's aggressive commitment to an unlimited supply of QE. OIL has also stabilised for the time being, while Monday's Canada wholesale sales data saw an impressive jump from the previous print. Tuesday's calendar features PMI data out of the Eurozone and Germany, UK CBI trends, US PMIs, US new home sales, and Richmond Fed manufacturing.

NZDUSD - technical overview

There's a case to be made for a meaningful bottom, with the market looking quite extended as it dips below major psychological support at 0.5500. As such, look for setbacks to be well supported in the days ahead, in anticipation of sharp rebound. Only a weekly close below 0.5500 would give reason for rethink. Back above 0.6500 however, would be required to take the immediate pressure off the downside.



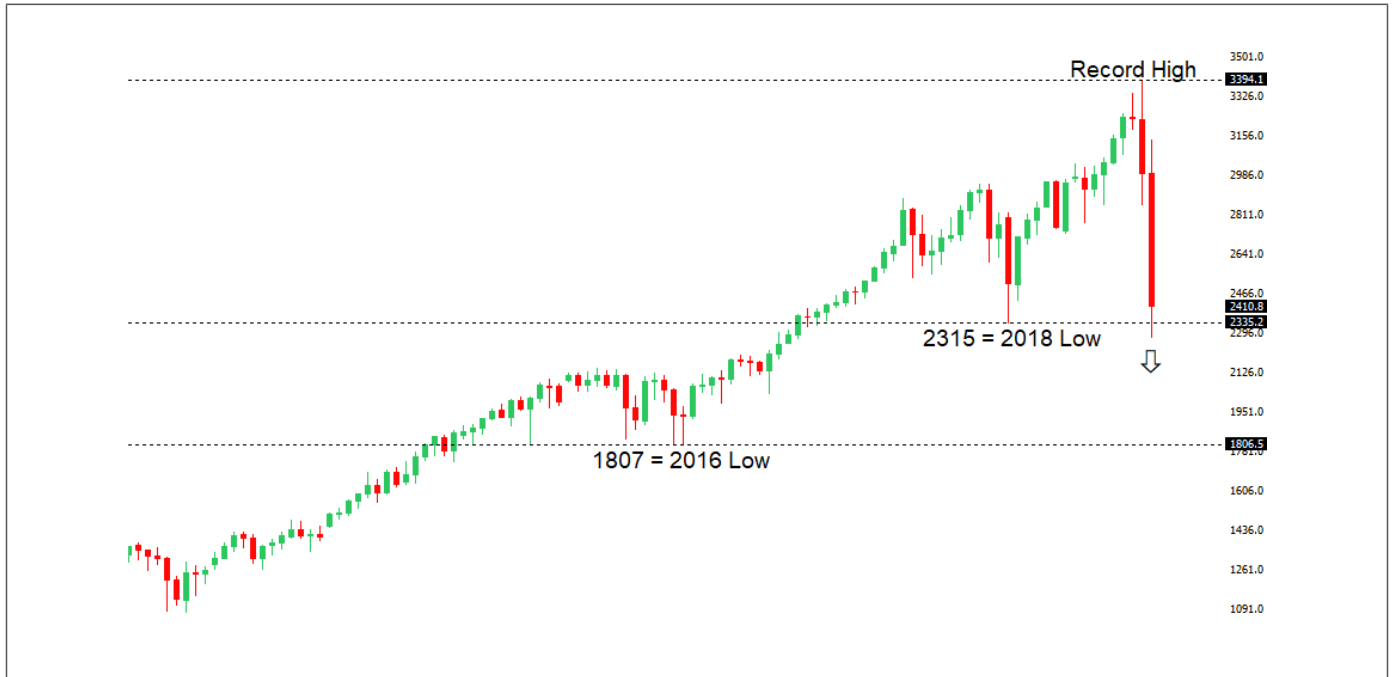
- **R2 0.5969** - 18 March high - Strong
- **R1 0.5882** - 20 March high - Medium
- **S1 0.5600** - Figure - Medium
- **S2 0.5469** - 19 March/2020 low - Strong

NZDUSD - fundamental overview

The New Zealand Dollar is enjoying some recovery on Tuesday, with the currency getting help from an improvement in risk appetite from all of the global stimulus, along with the Fed's aggressive commitment to an unlimited supply of QE. The latest moves out of the Fed have done a good job overshadowing RBNZ QE efforts. Tuesday's calendar features PMI data out of the Eurozone and Germany, UK CBI trends, US PMIs, US new home sales, and Richmond Fed manufacturing.

US SPX 500 - technical overview

Setback have been intense as the market puts in a longer-term top. The market has collapsed through the 2018 low, with the next major support coming in at the 2016 low around 1800. Extended readings warn of a corrective bounce, but rallies should now be well capped ahead of 2800.



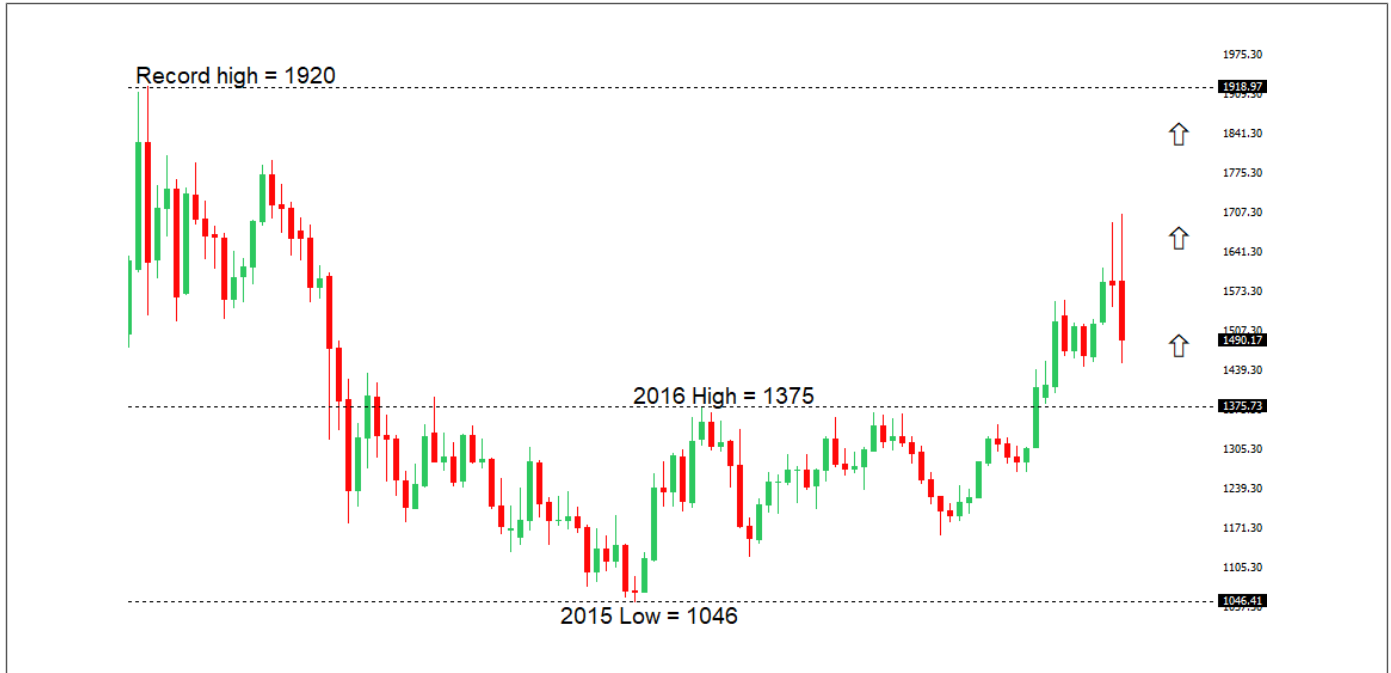
- **R2 2774** - 12 March high - Strong
- **R1 2510** - 20 March high - Medium
- **S1 2182** - 23 March/**2020 low** - Medium
- **S2 2100** - Round number - Strong

US SPX 500 - fundamental overview

Although we've seen the market extend to fresh record highs in 2020, with so little room for additional central bank accommodation, given an already depressed interest rate environment, the prospect for additional runs to the topside, on easy money policy incentives and government stimulus, should no longer be as enticing to investors as it once was. Meanwhile, tension on the global trade front, geopolitical risk, and worry associated with coronavirus fallout, should weigh more heavily on investor sentiment in 2020.

GOLD (SPOT) - technical overview

The 2019 breakout above the 2016 high at 1375 was a significant development, and suggests the market is in the early stages of a bullish move that follows a multi-month consolidation. The next major level of resistance comes in around 1800 (measured move extension target), while in the interim, look for any setbacks to be well supported above 1500.



- **R2 1800** - Measured move target - Strong
- **R1 1703** - 9 March/2020 high - Strong
- **S1 1451**- 16 March/2020 low - Strong
- **S2 1400** - Psychological - 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 exhausted monetary policy, extended global equities, political uncertainty, coronavirus fallout, systemic risk and trade war threats. 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.

BTCUSD - technical overview

Setbacks should be very well supported ahead of the 2018 low, with a higher low sought out in favour of a bullish continuation back above the 2019 high and towards the record high from late 2017 further up. Ultimately, only a weekly close below 5,000 would compromise the constructive outlook. Back above 10,500 further encourages the bullish prospect.



- **R2 10,477**- 9 February/**2020 high** - Strong
- **R1 6,907** - 20 March high - Medium
- **S1 3,995** - 13 March/**2020 low**- Strong
- **S2 3,215** - **2018 low** - Strong

BTCUSD - fundamental overview

Bitcoin is finally feeling the impact of global macro pressures, with the new currency falling victim to broad based risk liquidation. However, despite the recent slide, there continues to be good demand from players looking out to the medium and longer term, who see Bitcoin as a safe haven, store of value asset.

BTCUSD - Technical charts in detail

[Watch now](#)

ETHUSD - technical overview

The market is in the process of attempting to establish a meaningful base after stalling out in the latter half of 2019. Look for setbacks to be well supported above the 2018 low, in favour of another big bounce, eventually back towards and through the 2019 high up at 363.



- **R2 200** - Psychological - Strong
- **R1 153** - 20 March high - Medium
- **S1 100** - Psychological - Strong
- **S2 90** - 13 March/ **2020 low** - Strong

ETHUSD - fundamental overview

While there is plenty of Ether demand built up, with so much optimism around prospects for the blockchain, given all of the development going on in the decentralised finance space, macroeconomics will likely play a negative role in 2020, with Ether expected to underperform in a risk off backdrop, in light of Ethereum's higher sensitivity and correlation with risk themes.



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