

Monday, March 13, 2023

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Global FX Insights

by LMAX Group Research & Analytics

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

Sentiment ticks up on Fed repricing 🔊 [Wake-up call](#)

Confidence in the US banking sector may be on the way to being restored after the Fed stepped up over the weekend with the latest measures to protect bank deposits. At the same time given how the situation is likely to remain fragile in the interim, we have seen a dovish repricing of Fed expectations.

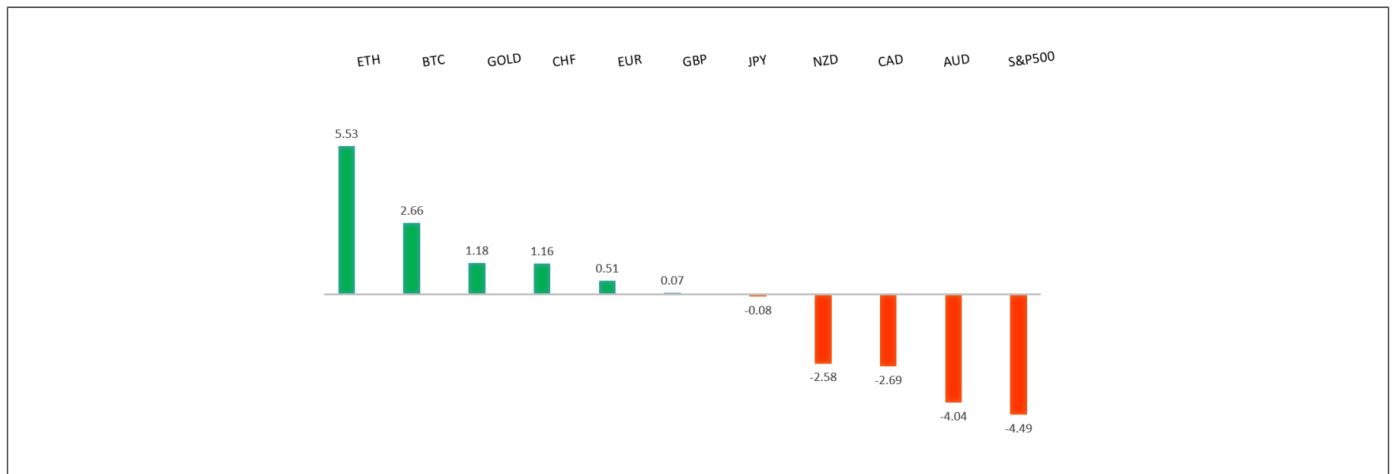
Technical highlights 📺 [Daily Video](#)

- [EURUSD](#) Looking for next higher low
- [GBPUSD](#) Room for more weakness
- [USDJPY](#) Signs of uptrend resumption
- [AUDUSD](#) Gravitating to critical support
- [USDCAD](#) Sights set on 1.4000
- [NZDUSD](#) Well capped into rallies
- [US SPX 500](#) Looking for downtrend resumption
- [GOLD](#) (spot) Setbacks seen forming higher low

Fundamental highlights

- [EURUSD](#) Euro reclaiming policy advantage
- [GBPUSD](#) Pound gets boost from UK GDP beat
- [USDJPY](#) Yen gets big boost on Fed repricing
- [AUDUSD](#) Aussie recovers as risk sentiment jumps
- [USDCAD](#) Loonie generates demand on jobs numbers
- [NZDUSD](#) Local data and macro flow help Kiwi
- [US SPX 500](#) Inflation headache not going away
- [GOLD](#) (spot) Dealers report plenty of demand

30 Day Performance vs. US dollar (%)



Suggested reading

- [Fed Rate Pivot Is Back in Play](#), J. Authers, **Bloomberg** (March 13, 2023)
- [A One-Stop Investment Shop for the Global Elite](#), S. Indap, **Morningstar** (March 9, 2023)

EURUSD - technical overview

The Euro is in the throes of a correction following a run to the topside through 1.1000 earlier this year. Any additional setbacks should be well supported ahead of 1.0300 in favor of the formation of the next major higher low and a bullish continuation. Ultimately, only a monthly close back below parity would give reason for concern.



- **R2 1.0805** - 14 February high - Strong
- **R1 1.0737** - 13 March high - Medium
- **S1 1.0565** - 1 March low - Medium
- **S2 1.0524** - 8 March low - Strong

EURUSD - fundamental overview

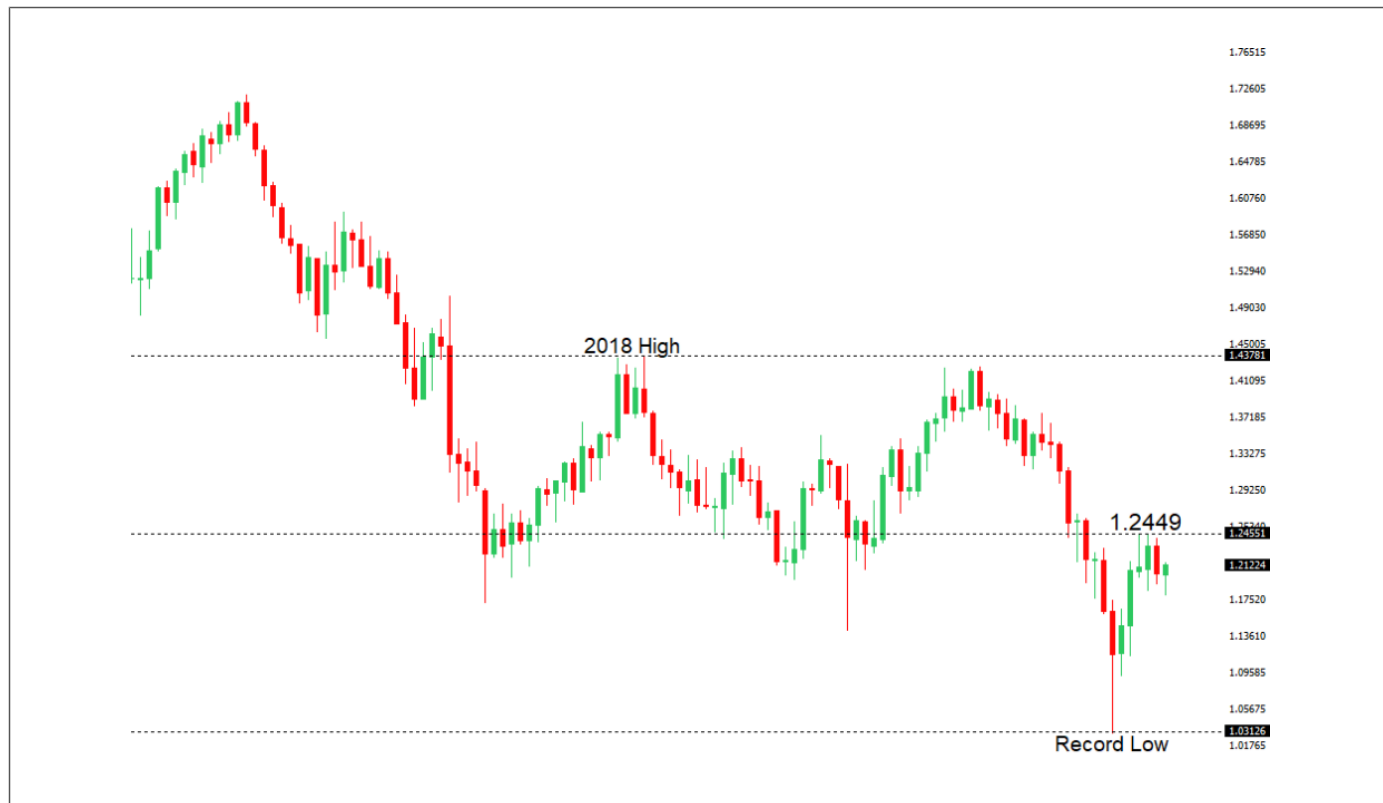
The latest news around banking woes in the US has been a major driver behind the latest Euro recovery. The ECB is now seen reclaiming the policy advantage, with yield differentials moving back in the Euro's favor on hawkish ECB talk and a dovish repricing of Fed expectations. Looking ahead, Monday's calendar is exceptionally thin with no major releases on the docket.

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 2022. The recent weekly close back above the September high at 1.1739 strengthens this prospect. Any setbacks should now be well supported ahead of 1.1500. Next key resistance comes in at 1.2668.



- **R2 1.2195**- 9 February high - Medium
- **R1 1.2148** - 21 February high- Medium
- **S1 1.1915** - 17 February low- Medium
- **S2 1.1803** - 8 March low - Strong

GBPUSD - fundamental overview

The Pound got a nice boost on last Friday's UK GDP beat, with the currency then accelerating further on the US banking woes and dovish repricing of Fed expectations. Looking ahead, Monday's calendar is exceptionally thin with no major releases on the docket.

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USDJPY - technical overview

The major pair has seen a nice recovery following the massive correction out from multi-year highs. Setbacks have finally been well supported ahead of 125.00 in the 127s thus far. At this stage, it looks like the market could be 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 in favor of higher lows along the way.



- **R2 137.92** - 8 March high - Strong
- **R1 135.37** - 6 March low - Medium
- **S1 133.54** - 13 March low - Medium
- **S2 132.91** - 6 February high - Strong

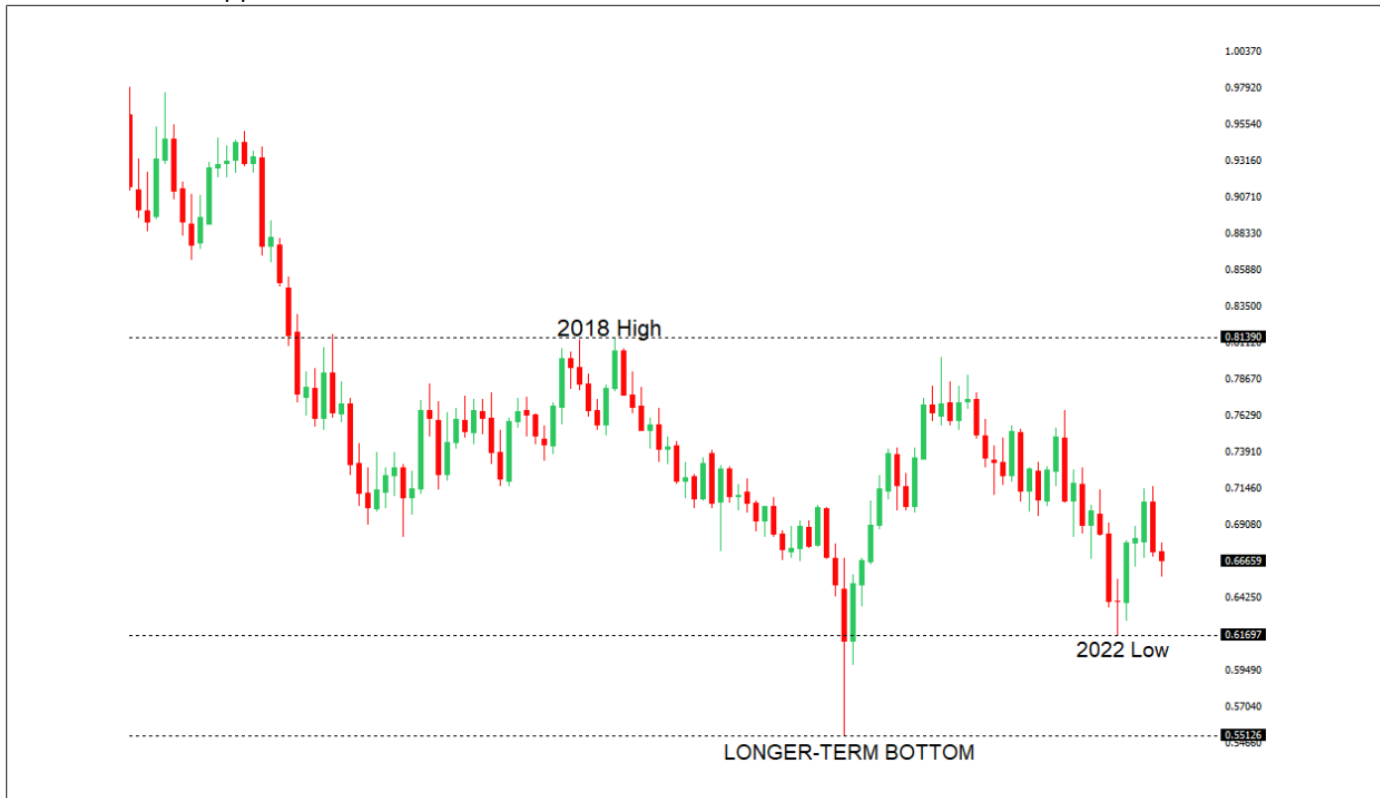
USDJPY - fundamental overview

A good chunk of this latest flow back into the Yen comes from a repricing of Fed expectations in light of the US bank woes. Looking ahead, Monday’s calendar is exceptionally thin with no major releases on the docket.

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AUDUSD - technical overview

There are signs of the potential formation of a longer-term base following the late 2022 surge back above 0.6500. The recent weekly close back above previous support now turned resistance at 0.6682 strengthens the outlook for a bullish structural shift. Next key resistance comes in at 0.7284. Setbacks should be well supported ahead of 0.6500.



- **R1 0.6784** - 1 March high - Strong
- **R2 0.6695** - 1 March low - Medium
- **S1 0.6564** - 9 March low - Medium
- **S2 0.6500** - Psychological - Strong

AUDUSD - fundamental overview

The Australian Dollar is enjoying a nice recovery on Monday, getting a boost from all of the risk on flow as the market repriced Fed expectations and stocks rally hard. Looking ahead, Monday's calendar is exceptionally thin with no major releases on the docket.

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 1.3863** - 10 March high - Medium
- **S1 1.3666** - 24 February high - Medium
- **S2 1.3555** - 3 March low - Strong

USDCAD - fundamental overview

Canada employment data came in solid on Friday, oil has recovered, and the market has repriced Fed rate hike expectations in light of the US bank woes. All of this has helped to fuel renewed demand into the Loonie. Looking ahead, Monday’s calendar is exceptionally thin with no major releases on the docket.

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 0.6577 would be required to take the immediate pressure off the downside.



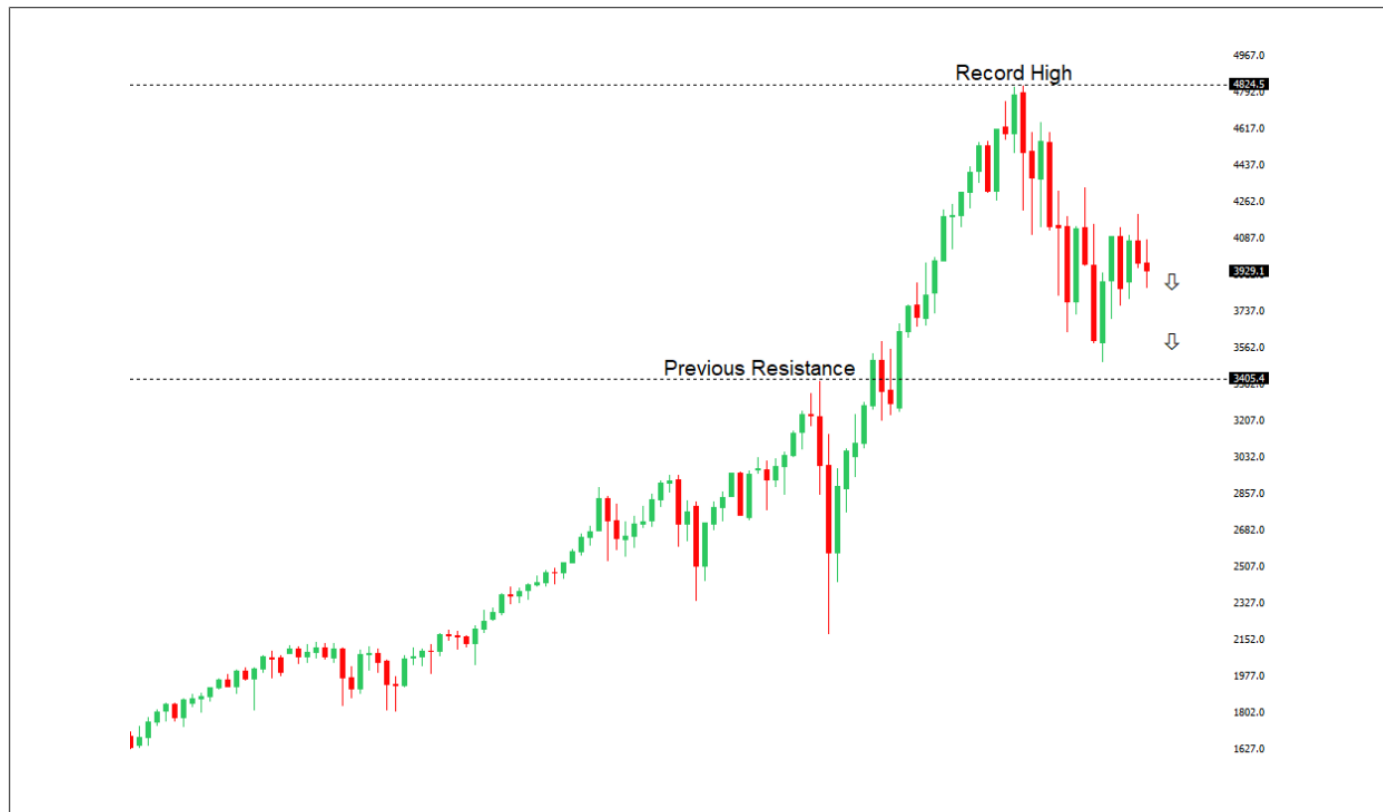
- **R2 0.6276** - 1 March high - Strong
- **R1 0.6222** - 7 March high - Medium
- **S1 0.6084**- 8 March low - Medium
- **S2 0.6064** - 17 November low - Strong

NZDUSD - fundamental overview

The New Zealand Dollar was already rallying on stronger NZ PMI reads, before getting an additional boost from risk on flow on the back of the repricing of Fed rate expectations. Looking ahead, Monday's calendar is exceptionally thin with no major releases on the docket.

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 4300 will be required at a minimum to take the immediate pressure off the downside. Next major support comes in at 3763.



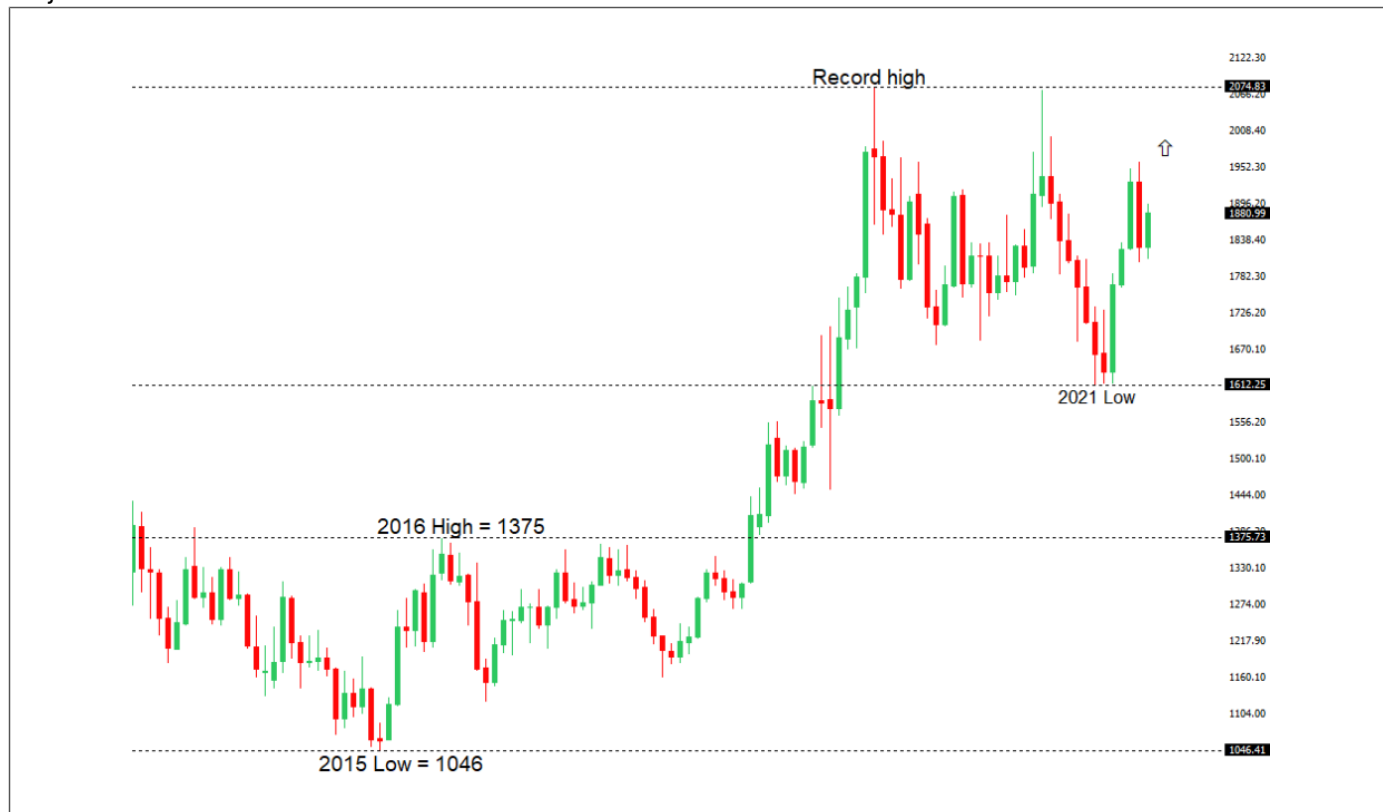
- **R2 4198** - 2 February/2023 high - Strong
- **R1 4080** - 6 February high - Medium
- **S1 3846** - 10 March low - Medium
- **S2 3763** - 22 December low - Strong

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 H1 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. The recent break back above 1808 strengthens the bullish outlook. Next major resistance comes in at 2000.



- **R2 1960** - 2 February/2023 high - Strong
- **R1 1895** - 13 March high - Medium
- **S1 1804** - 28 February low - Medium
- **S2 1719** - 23 November 2022 low - 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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