

Global FX Insights

by LMAX Group Research & Analytics

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

The market sees what it wants to see [Wake-up call](#)

The market was clearly looking for any dovish communications at all to feel good about pushing stocks higher and selling the US Dollar. Despite the Fed going ahead with the as expected 25 basis point rate hike and saying that further policy tightening was required, the focus was elsewhere.

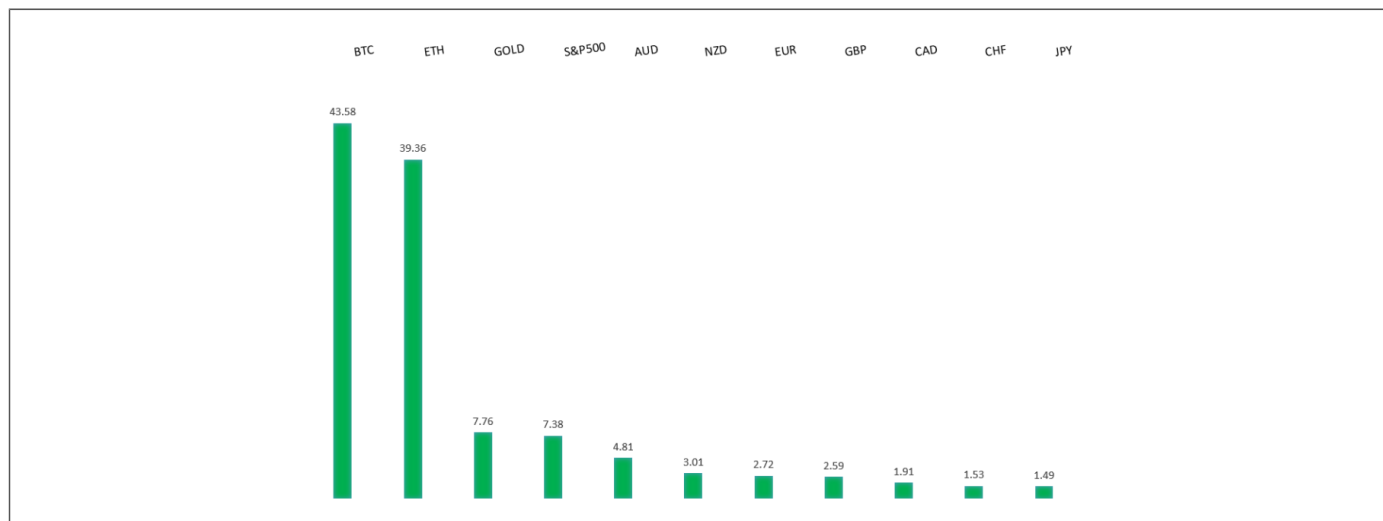
Technical highlights [Daily Video](#)

- [EURUSD](#) Pokes back above 1.1000
- [GBPUSD](#) Into important internal resistance
- [USDJPY](#) Additional setbacks limited
- [AUDUSD](#) Structure shifts more bullish
- [USDCAD](#) Well supported on dips
- [NZDUSD](#) Additional upside limited
- [US SPX 500](#) Looking for downtrend resumption
- [GOLD \(spot\)](#) Pushing back towards record high

Fundamental highlights

- [EURUSD](#) Focus shifts to ECB meeting
- [GBPUSD](#) All eyes on BOE policy decision
- [USDJPY](#) Yield differential swings Yen post FOMC
- [AUDUSD](#) Aussie building approvals come in strong
- [USDCAD](#) Oil tumble keeps Canadian Dollar in check
- [NZDUSD](#) New Zealand building approvals disappoint
- [US SPX 500](#) Inflation headache not going away
- [GOLD \(spot\)](#) Dealers report plenty of demand

30 Day Performance vs. US dollar (%)



Suggested reading

- [How Markets Deconstructed Powell, Then Lifted Off](#), J. Authers, **Bloomberg** (February 2, 2023)
- [Capture, who's looking after the children?](#), N. Segal, **FT** (February 2, 2023)

EURUSD - technical overview

The Euro recovery has finally run back above meaningful previous support turned resistance at 1.0635. The December 2022 close above this level further encourages the recovery outlook and makes a stronger case for the formation of a longer-term bottom. Any setbacks should now be well supported ahead of 1.0500. Next major resistance at 1.1185.



- **R2 1.1185** - 31 March high - Strong
- **R1 1.1100** - Figure - Medium
- **S1 1.0927** - 23 January high - Medium
- **S2 1.0802** - 31 January low - Strong

EURUSD - fundamental overview

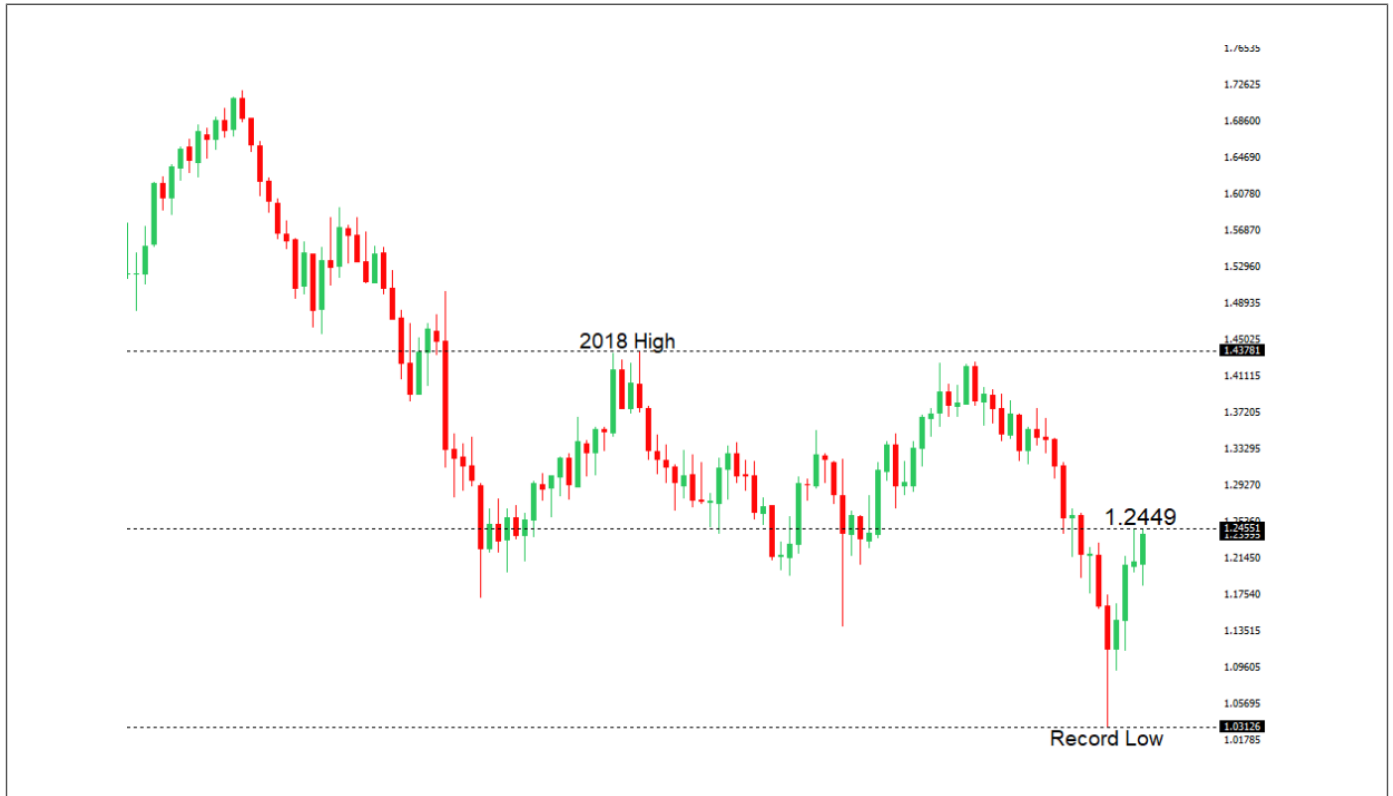
Wednesday was all about the Fed decision, with the market once again choosing to focus on the dovish aspects, which then opened additional broad based US Dollar weakness. Key standouts on Thursday's calendar come from German trade, the BOE policy decision, the ECB policy decision, Canada building permits, US initial jobless claims, and US factory orders.

EURUSD - Technical charts in detail

[Watch now](#)

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 1.1500. Next key resistance comes in at 1.2668.



- **R2 1.2448**- 14 December high - Strong
- **R1 1.2400** - Figure - Medium
- **S1 1.2169** - 17 January low - Medium
- **S2 1.2082** - 12 January low - Strong

GBPUSD - fundamental overview

The Pound is focused on the upcoming BOE policy decision. The BOE is expected to deliver a 50bps rate hike to bring the bank rate from 3.5% to 4%. Markets are widely expecting the BOE will address the sticky core inflation, despite a moderation in the headline inflation. Eyes are also on a possible GDP forecast upgrade following improvement of market conditions. Key standouts on Thursday's calendar come from German trade, the BOE policy decision, the ECB policy decision, Canada building permits, US initial jobless claims, and US factory orders.

[Watch now](#)

USDJPY - technical overview

The major pair has been in the throes of a long overdue correction that was waiting to play out after a parabolic run to the topside to multi-year highs. At this stage, the correction could be getting close to having played out fully, with the market finally approaching critical previous resistance turned support in the 125.00 area.



- **R2 132.88** - 11 January high - Strong
- **R1 131.58** - 18 January high - Medium
- **S1 127.22** - 16 January low - Medium
- **S2 126.36** - 24 May low - Strong

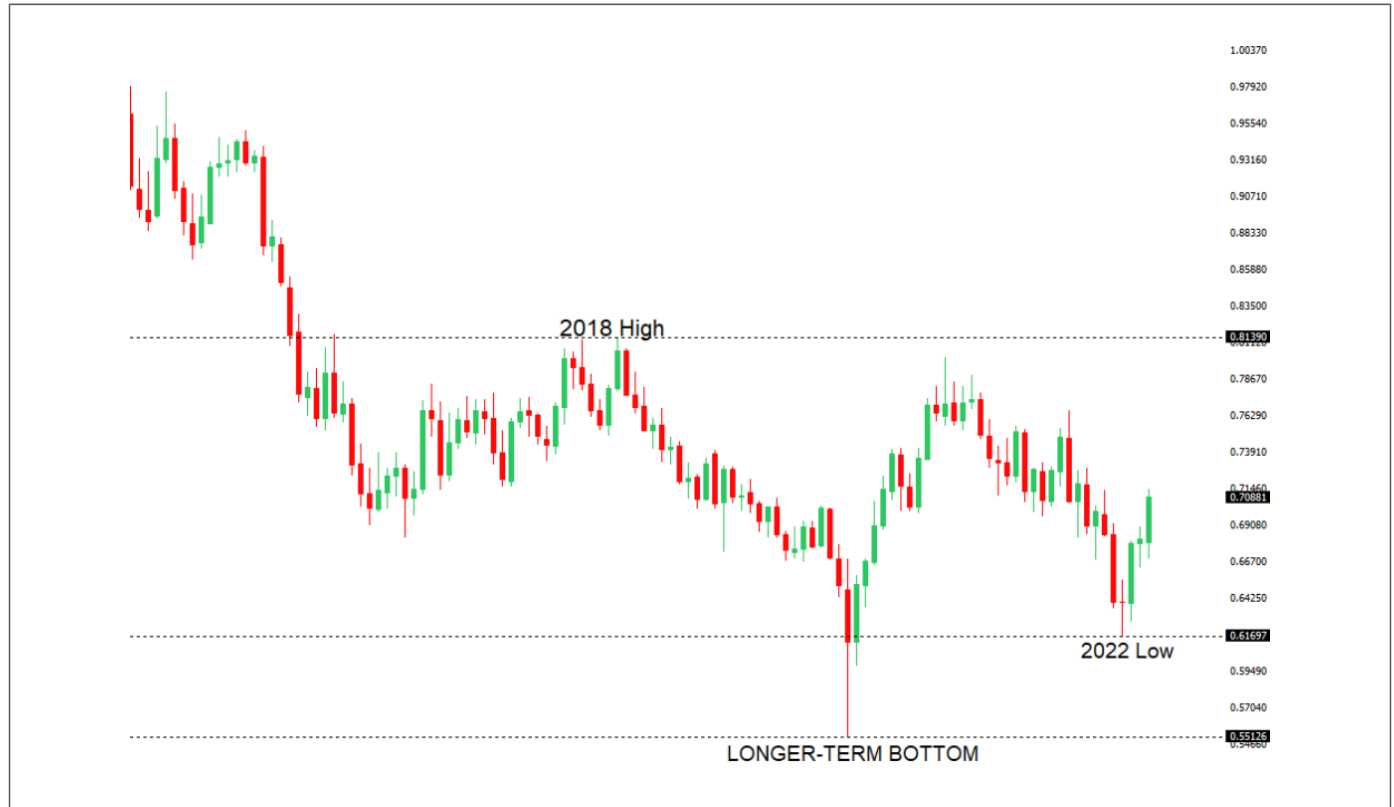
USDJPY - fundamental overview

Broad based US Dollar selling in the aftermath of the latest Fed decision has factored into the latest round of Yen gains, with the currency benefitting from the yield differential shift. Key standouts on Thursday's calendar come from German trade, the BOE policy decision, the ECB policy decision, Canada building permits, US initial jobless claims, and US factory orders.

[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 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.



- **R1 0.7200** - Figure - Strong
- **R2 0.7158** - 2 February high - Medium
- **S1 0.6860** - 10 January low - Medium
- **S2 0.6800** - Figure - Medium

AUDUSD - fundamental overview

The Australian Dollar was already bid in the aftermath of the Fed decision. Then, Aussie building approvals rose by a much stronger-than-expected. For the RBA, this data point when combined with higher-than-expected Q4 CPI inflation should offset the impact of this week's weaker retail sales data, and a higher likelihood of a 25bp increase at the Feb 7 monetary policy meeting. Key standouts on Thursday's calendar come from German trade, the BOE policy decision, the ECB policy decision, Canada building permits, US initial jobless claims, and US factory orders.

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.



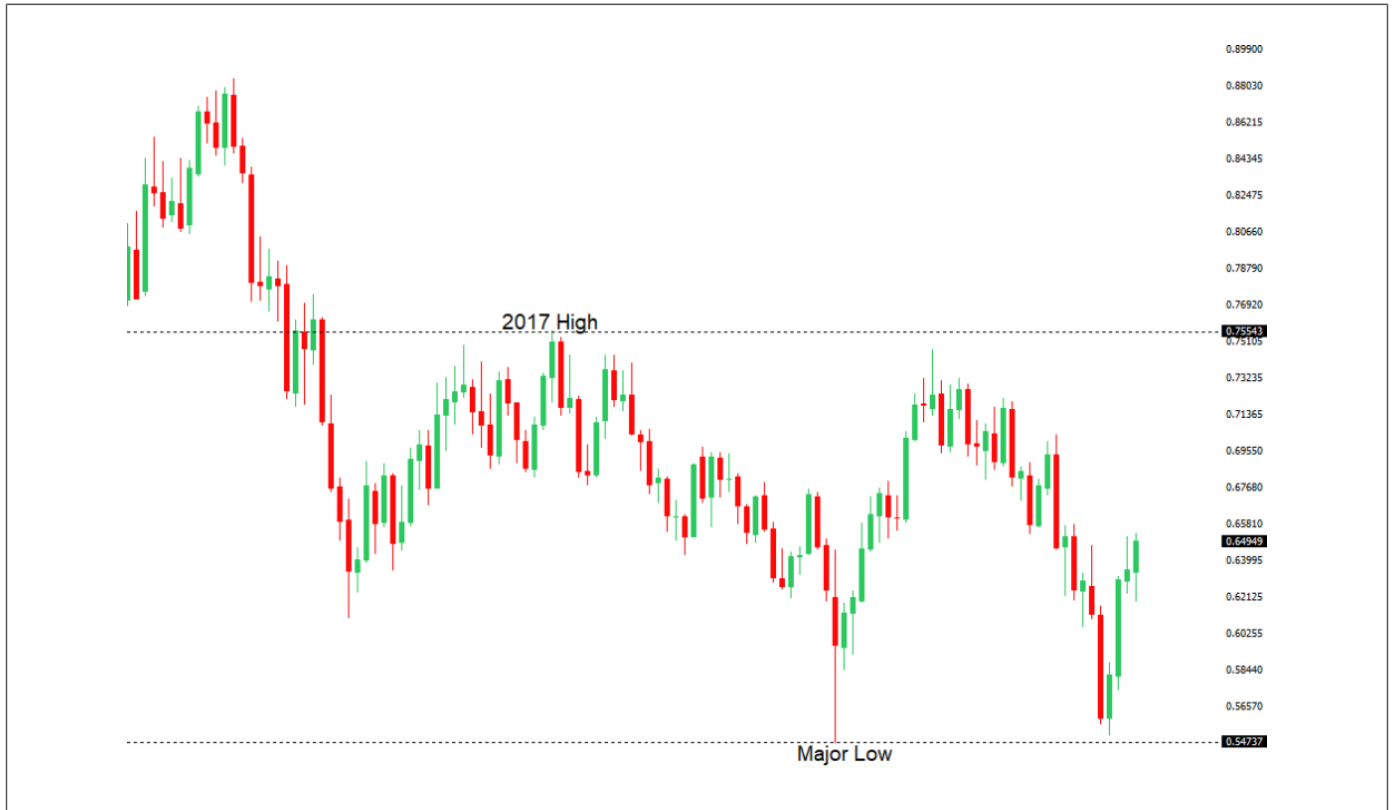
- **R2 1.3706** - 16 December high - Strong
- **R1 1.3519** - 19 January high - Medium
- **S1 1.3263** - 2 February low - Medium
- **S2 1.3226** - 15 November low - Strong

USDCAD - fundamental overview

The Canadian Dollar has been bid up in the aftermath of broad based US Dollar selling from the Fed decision. At the same time, Wednesday's heavy setbacks in the price of oil has mitigated the extent of the Canadian Dollar rally. Key standouts on Thursday's calendar come from German trade, the BOE policy decision, the ECB policy decision, Canada building permits, US initial jobless claims, and US factory orders.

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



- **R2 0.6577** - 3 June high - Strong
- **R1 0.6539** - 2 February high - Medium
- **S1 0.6305**- 12 January low - Medium
- **S2 0.6191** - 6 January low - Strong

NZDUSD - fundamental overview

The New Zealand Dollar has been bid up in the aftermath of broad based US Dollar selling from the Fed decision. At the same time, we have seen some selling into the rally after New Zealand building approvals data came in soft. Key standouts on Thursday’s calendar come from German trade, the BOE policy decision, the ECB policy decision, Canada building permits, US initial jobless claims, and US factory orders.

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 3492.



- **R2 4217** - 26 August high - Strong
- **R1 4152** - 1 February high - Medium
- **S1 3996** - 31 January low - Medium
- **S2 3885** - 19 January 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 2000** - Mid-Figure - Strong
- **R1 1958** - 2 February high - Medium
- **S1 1774** - 15 December low - Medium
- **S2 1719** - 23 November 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.



Any opinions, news, research, analyses, prices or other information ("information") contained on this Blog, constitutes marketing communication and it has not been prepared in accordance with legal requirements designed to promote the independence of investment research. Further, the information contained within this Blog does not contain (and should not be construed as containing) investment advice or an investment recommendation, or an offer of, or solicitation for, a transaction in any financial instrument. LMAX Group has not verified the accuracy or basis-in-fact of any claim or statement made by any third parties as comments for every Blog entry.

LMAX Group will not accept liability for any loss or damage, including without limitation to, any loss of profit, which may arise directly or indirectly from use of or reliance on such information. No representation or warranty is given as to the accuracy or completeness of the above information. While the produced information was obtained from sources deemed to be reliable, LMAX Group does not provide any guarantees about the reliability of such sources. Consequently any person acting on it does so entirely at his or her own risk. It is not a place to slander, use unacceptable language or to promote LMAX Group or any other FX and CFD provider and any such postings, excessive or unjust comments and attacks will not be allowed and will be removed from the site immediately.