

Tuesday, December 10, 2019

📧 Get Global FX Insights via email - [click here](#)



# Global FX Insights

by LMAX Exchange Research & Analytics

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

## UK data highlights Tuesday calendar [Wake-up call](#)

We're coming out of a slow Monday session and although we do see a pickup in activity on the Tuesday calendar, we're not sure how much volatility we should expect, with so much event risk weighted in the days that follow. On Wednesday, we get the Fed decision.

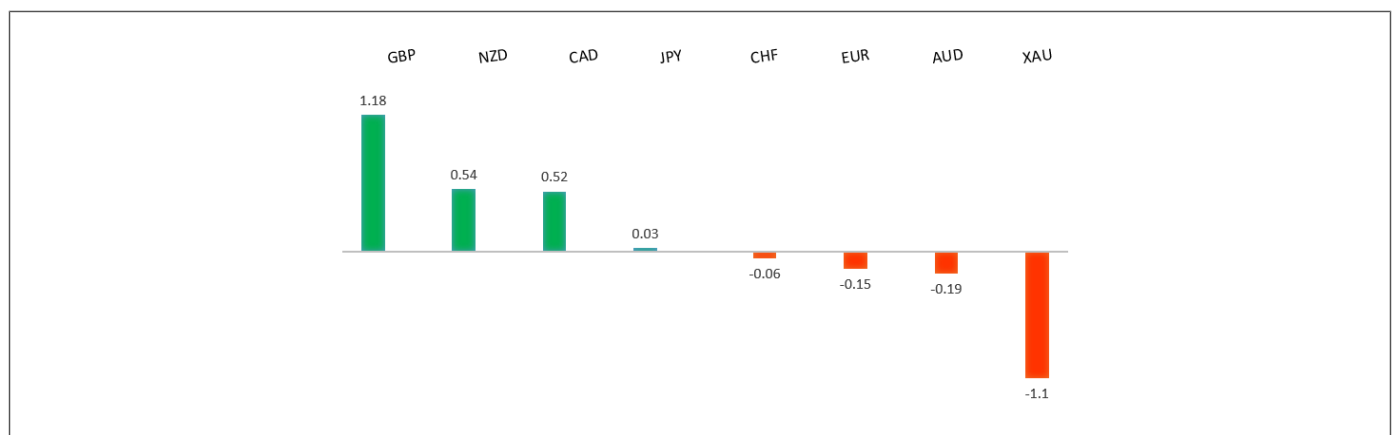
### Technical highlights [Daily Video](#)

- [EURUSD](#) Next big move seen higher, not lower
- [GBPUSD](#) Pushes above weekly Ichimoku cloud
- [USDJPY](#) Bearish while below 110 barrier
- [EURCHF](#) Rallies should be well capped for now
- [AUDUSD](#) Signs of longer-term bottoming
- [USDCAD](#) Setbacks should find support into dips
- [NZDUSD](#) Making its way back to the topside
- [US SPX 500](#) Uptrend showing signs of exhaustion
- [GOLD](#) (spot) Room for another big push higher
- [BTCUSD](#) Constructive while above 6,000
- [ETHUSD](#) Solid support zone around 100

### Fundamental highlights

- [EURUSD](#) Eurozone, German ZEW reads
- [GBPUSD](#) Heavy batch of UK data on tap
- [USDJPY](#) Yen watching the big picture themes
- [EURCHF](#) SNB faces tougher battle with Franc
- [AUDUSD](#) Aussie business confidence weighs
- [USDCAD](#) Loonie defies fundamentals with bid tone
- [NZDUSD](#) Kiwi lifted on hotter China CPI print
- [US SPX 500](#) Trade tension still expected to weigh
- [GOLD](#) (spot) Pick up in hard asset demand
- [BTCUSD](#) More institutional demand expected
- [ETHUSD](#) Ether exposed to traditional markets

## 5 Day Performance vs. US dollar



## Suggested reading

- [Paul Volcker Was the First Monetary Rock Star](#), D. Moss, **Bloomberg** (December 10, 2019)
- [Why Britain's Brexit Election Won't End the Crisis](#), D. Bond, **Financial Times** (December 9, 2019)

## EURUSD - technical overview

The downtrend off the 2018 high is looking exhausted and the prospect for a meaningful higher low is more compelling. A higher low is now sought out above the multi-year low from 2017, ahead of the next major upside extension. Only a weekly close back below 1.0800 would compromise this outlook. Back above 1.1412 will strengthen the view.



- **R2 1.1180** - 21 October high - Strong
- **R1 1.1117** - 4 December high - Medium
- **S1 1.0981** - 29 November low - Medium
- **S2 1.0941** - 8 October low - Strong

## EURUSD - fundamental overview

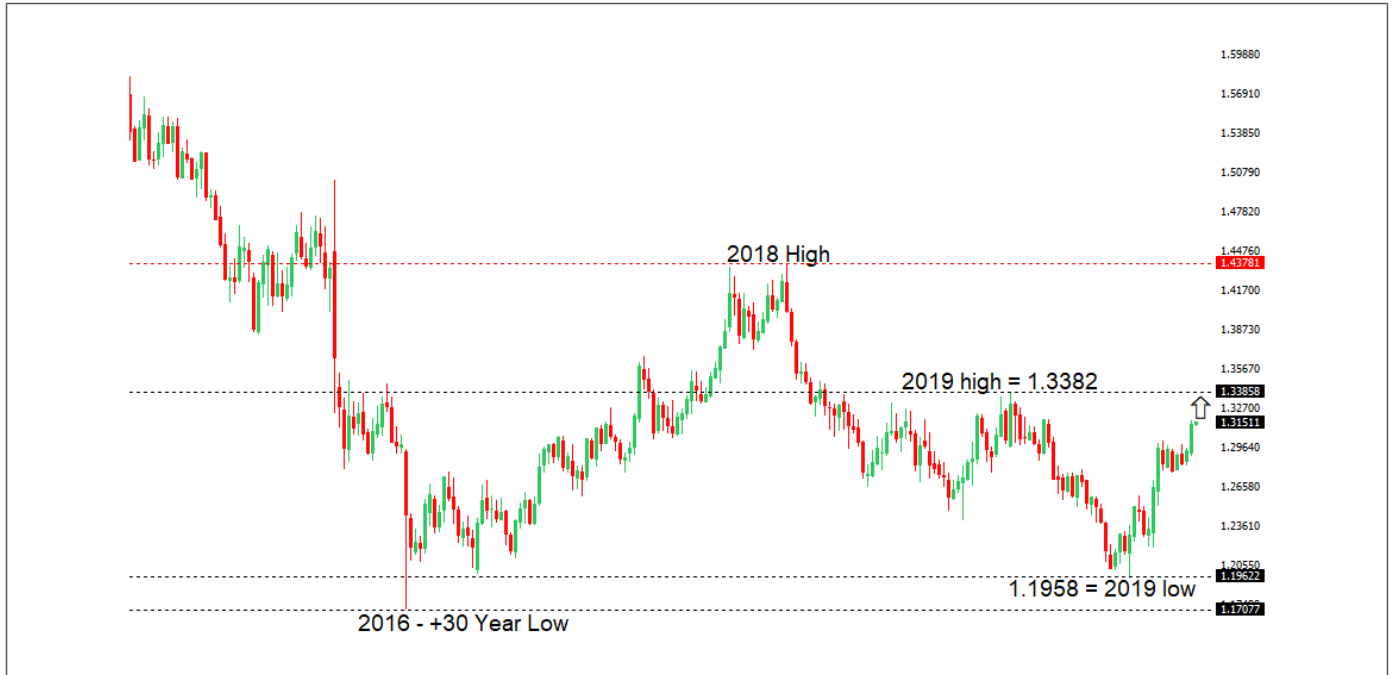
The Euro was once again supported on dips, with medium and longer term account happy to pick up the single currency. Economic data was also a help on Monday, with Sentix investor confidence coming in well above forecast, and German trade data producing a larger surplus than anticipated. Looking ahead, we get Eurozone and German ZEW surveys and some second tier data out of the US.

## EURUSD - Technical charts in detail

[Watch now](#)

# GBPUSD - technical overview

The market has seen a recovery out from the lowest levels since 2016, with the price now pushing back above the weekly Ichimoku cloud to signal a bullish structural shift. Ultimately, only back below the 1.2500 handle would compromise the newly established constructive medium and longer-term outlook. Next key resistance comes in the form of the 2019 high from March around 1.3380.



- **R2 1.3200** - Figure - Medium
- **R1 1.3177** - 3 May high - Strong
- **S1 1.3000** - Psychological - Medium
- **S2 1.2879** - 29 November low - Strong

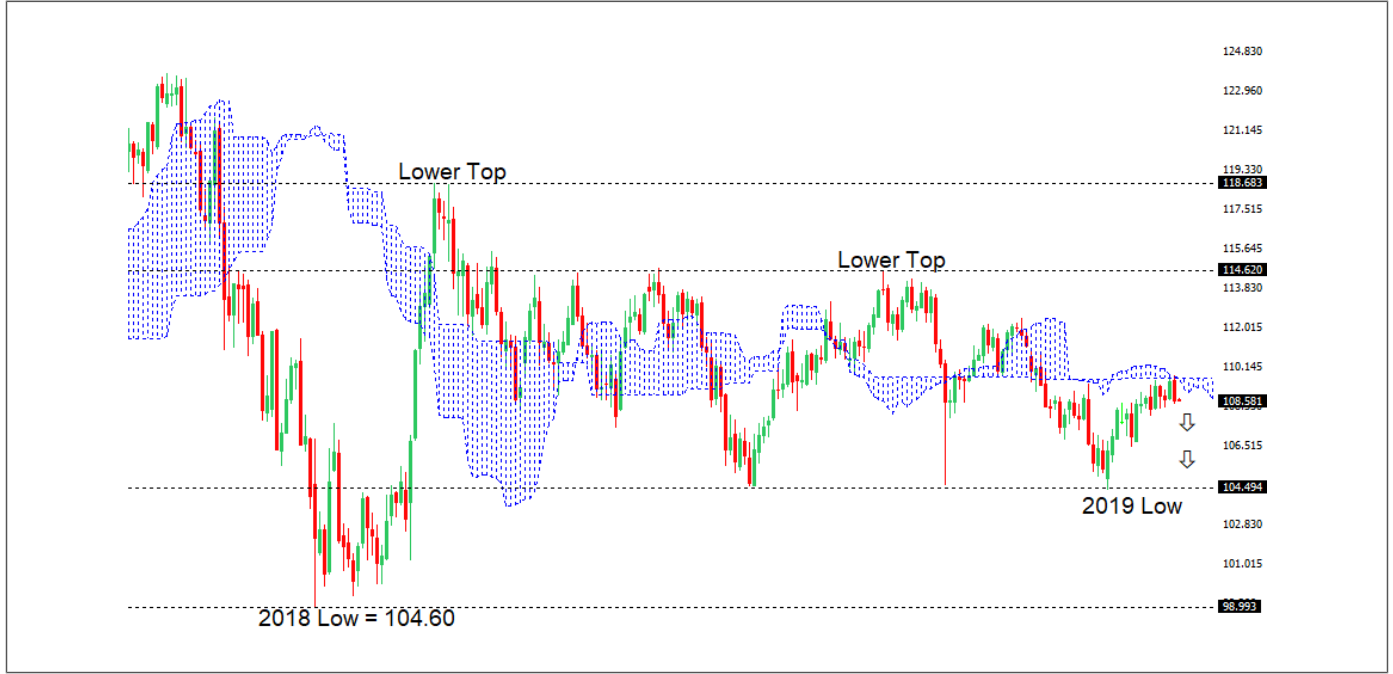
# GBPUSD - fundamental overview

The market is getting ready for Thursday's UK election, an event expected to produce a majority government for the ruling Conservatives. This would likely translate to the passage of a Brexit deal and finally put a massive swell of downside risk to rest. The Pound has responded in kind over the past several weeks, trading up to its highest level in 7 months. Looking ahead, we get a batch of UK data including trade, industrial production, manufacturing production, GDP and construction orders, followed up by second tier data out of the US.

[Watch now](#)

# USDJPY - technical overview

Despite rally attempts, the longer-term downtrend remains firmly intact. Rallies should continue to be well capped below 110.00 on a monthly closes basis, with deeper setbacks anticipated towards a retest of the yearly low, below which exposes critical support in the form of the 2016 low at 99.00 further down.



- **R2 110.00** - Psychological - Strong
- **R1 109.73** - 2 December high - Medium
- **S1 108.43** - 4 December low - Medium
- **S2 108.24** - 14 November low - Strong

# USDJPY - fundamental overview

Second tier Japanese data has been shrugged off, with the Yen focused on developments around the bigger picture macro themes of monetary policy and global trade. Things have been quiet in the early week, with market participants positioning ahead of key event risk that kicks off tomorrow in the form of the Fed decision. Looking ahead, there is only second tier data out of the US.

[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 1.1060 would be required to take the immediate pressure off the downside. Below 1.0800 exposes the 1.0600 area.



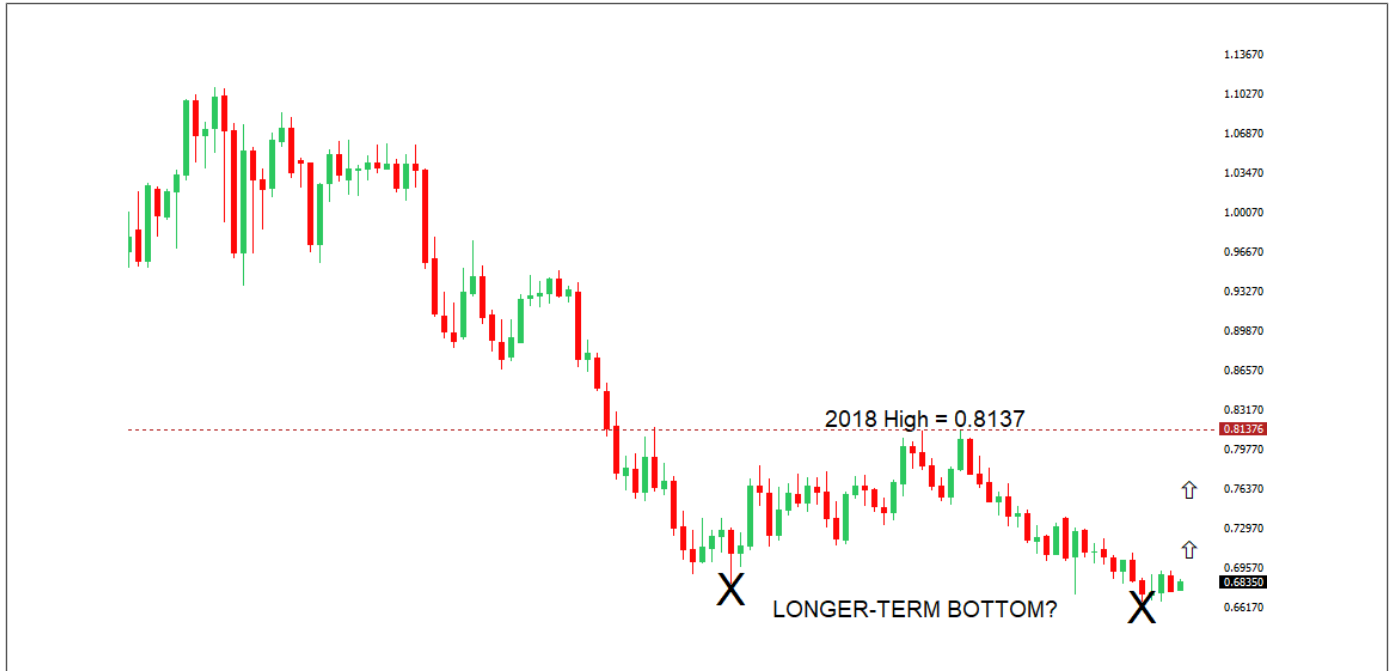
- **R2 1.1173** - 2 July high - Strong
- **R1 1.1060** - 17 October high - Medium
- **S1 1.0864** - 14 November low - Medium
- **S2 1.0811** - 4 September/**2019 low** - Strong

# 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. Any signs of sustained risk liquidation, 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

The market has been under pressure over the past several months, but has also been well supported on dips. The price action suggests we could be seeing the formation of a major base, though it would take a clear break back above 0.7100 to strengthen this outlook. In the interim, look for setbacks to continue to be well supported above 0.6700 on a weekly close basis.



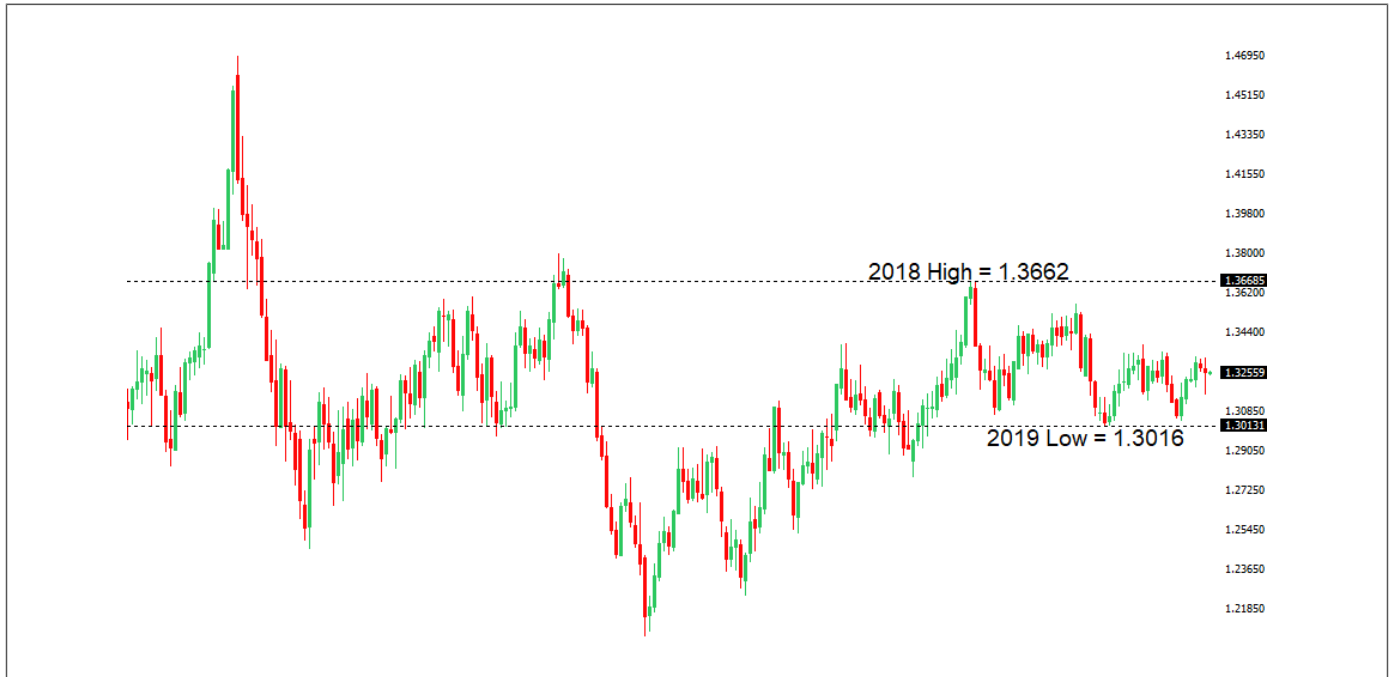
- **R2 0.6930** - 31 October high - Strong
- **R1 0.6863** - 3 December high - Medium
- **S1 0.6800** - Figure - Medium
- **S2 0.6754** - 29 November low - Strong

# AUDUSD - fundamental overview

Australia reported a firmer house price index read, along with improved business conditions. This along with a hotter than forecast China CPI helped to prop up Aussie, though gains were somewhat tempered by the deterioration in Aussie business confidence. Looking ahead, there is only second tier data out of the US.

## USDCAD - technical overview

The longer-term structure remains constructive, with dips expected to be well supported for renewed upside, eventually back above the 2018/multi-month high at 1.3665. At this point, only a weekly close below the psychological barrier at 1.3000 would compromise this outlook.



- **R2 1.3328** - 20 November high - Strong
- **R1 1.3270** - 6 December low - Medium
- **S1 1.3158** - 5 December low - Strong
- **S2 1.3115** - 5 November low - Strong

## USDCAD - fundamental overview

Monday was an interesting session for the Canadian Dollar, which managed to recover, despite contending with Friday's awful Canada employment data and Monday's softer Canada housing starts and building permits. It seems profit taking, broad based selling in the US Dollar and some demand for OIL, all helped to more than offset offers in the Loonie. Looking ahead, there is only second tier data out of the US. There's no data on the Canada calendar.

## NZDUSD - technical overview

**Despite recent weakness, there's a case to be made** for a meaningful bottom, with the market rallying out from longer-term cycle low area around 0.6200. As such, look for setbacks to be well supported in the days ahead, in anticipation of a continued recovery. Only a weekly close below 0.6200 would give reason for rethink. Back above 0.6500 strengthens the outlook and takes the immediate pressure off the downside.



- **R2 0.6600** - Figure - Medium
- **R1 0.6589** - 6 August high - Strong
- **S1 0.6466** - 4 November high - Medium
- **S2 0.6424** - 2 December low - Strong

## NZDUSD - fundamental overview

**There wasn't any data out of New Zealand** on Tuesday, though Kiwi managed to find some demand on the back of a hotter round of China CPI reads. Looking ahead, there is only second tier data out of the US.



## US SPX 500 - technical overview

There have been signs of a major longer term top, after an exceptional run over the past decade. Any rallies from here, are expected to be very well capped, in favour of renewed weakness targeting an eventual retest of strong longer-term previous resistance turned support in the form of the 2015 high at 2140. The initial level of major support comes in at 3070, with a break below to strengthen the outlook. A monthly close above 3200 would be required to compromise the outlook.



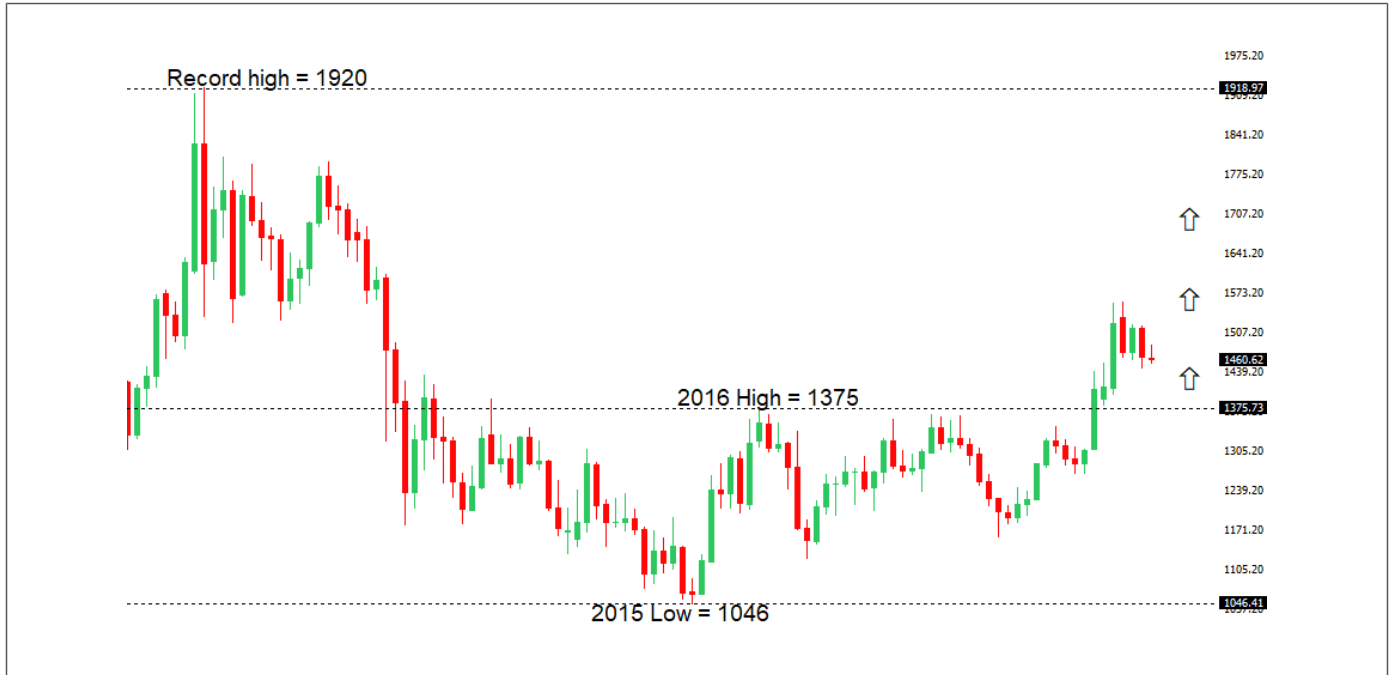
- **R2 3200** - Psychological - Strong
- **R1 3159** - 2 December/**Record high** - Medium
- **S1 3070** - 3 December low - Medium
- **S2 3000** - Psychological - Strong

## US SPX 500 - fundamental overview

Although we've seen the market extending to fresh record highs in 2019, with so little room for additional central bank accommodation, given an already depressed interest rate environment, the prospect for a meaningful extension of this record run, on easy money policy incentives, should no longer be as enticing to investors as it once was. Meanwhile, tension on the global trade front should continue to be a drag on investor sentiment despite any signs that would suggest otherwise. We recommend keeping a much closer eye on the equities to ten year yield comparative going forward, as the movement here is something that could be a major stress to the financial markets looking out.

## 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 1600, while in the interim, look for any setbacks to be well supported above 1400.



- **R2 1558** - 4 September/2019 high - Strong
- **R1 1536** - 24 September high - Medium
- **S1 1445** - 12 November low - Medium
- **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, 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

The market continues to correct in the aftermath of a major surge in the second quarter of 2019. However, any setbacks should be very well supported in the 6,000 area, with an 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 6,000 would compromise the constructive outlook.



- **R2 10,468** - 26 October high - Strong
- **R1 8,806** - 11 October high - Medium
- **S1 6,500** - Psychological - Strong
- **S2 5,755** - Internal support/June 2018 - Strong

## BTCUSD - fundamental overview

Bitcoin is going through a period of technical adjustment after the fierce Q2 run up, though we anticipate continued demand from institutional players starved for yield in a world where global equities are increasingly vulnerable. Plenty of demand is reported on dips down towards \$6,000.

## BTCUSD - Technical charts in detail

[Watch now](#)

# ETHUSD - technical overview

The market is in the process of a major correction after a surge in the second quarter of 2019. Look for setbacks to be well supported above of previous resistance turned support at 100 on a weekly close basis, in favour of the next major higher low and bullish resumption back towards and through the 2019 high up at 363. Ultimately, only a weekly close below 100 would compromise the outlook.



- **R2 225** - 19 September high - Strong
- **R1 200** - Psychological - Medium
- **S1 133** - 25 November low - Medium
- **S2 102** - 6 February/2019 low - Strong

# ETHUSD - fundamental overview

Profit taking in the aftermath of the rapid Q2 appreciation has triggered a healthy period of correction and consolidation, while critique of the space from the likes of President Trump and Fed Chair Powell, along with worry associated with fallout in the global economy, are stories that could continue to keep the more risk correlated crypto asset weighed down into the end of the year. Risk off in the global economy is expected to result in ETH underperformance relative to Bitcoin.



Any opinions, news, research, analyses, prices or other information ("information") contained on this document, 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 Exchange 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 Exchange 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 Exchange 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 Exchange or any other FX, Spread Betting 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.

LMAX Exchange will clearly identify and mark any content it publishes or that is approved by LMAX Exchange.

FX and CFDs are leveraged products that can result in losses exceeding your deposit. They are not suitable for everyone so please ensure you fully understand the risks involved. The information on this website is not directed at residents of the United States of America, Australia (we will only deal with Australian clients who are "wholesale clients" as defined under the Corporations Act 2001), Canada (although we may deal with Canadian residents who meet the "Permitted Client" criteria), Singapore or any other jurisdiction where FX trading and/or CFD trading is restricted or prohibited by local laws or regulations.