

# Global FX Insights

by LMAX Exchange Research & Analytics

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

## US Bill Passage Adds More Fuel to Trade Fire 🔊 [Wake-up call](#)

US equity futures have recovered out from the recent lows, though overall, risk appetite remains suppressed into Wednesday. News of the latest US bill passage that had overwhelming support is setting up more tension between the US and China.

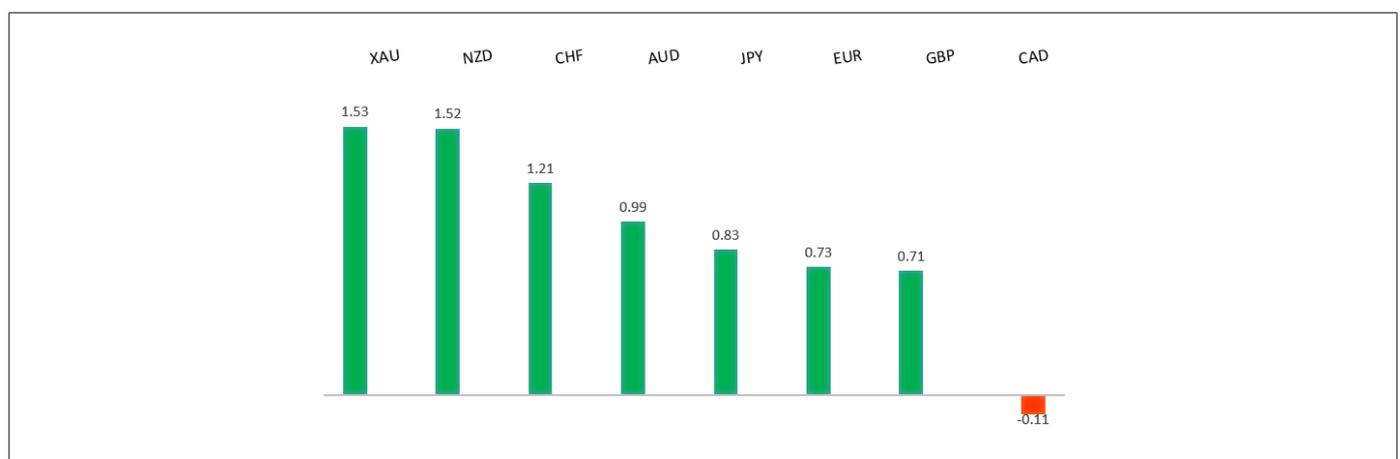
### Technical highlights 🎥 [Daily Video](#)

- [EURUSD](#) Next big move seen higher, not lower
- [GBPUSD](#) Look for setbacks to be well supported
- [USDJPY](#) Bearish while below 110 barrier
- [EURCHF](#) Rallies should be well capped for now
- [AUDUSD](#) Signs of longer-term bottoming
- [USDCAD](#) Uptrend firmly intact
- [NZDUSD](#) Additional downside should be limited
- [US SPX 500](#) Uptrend showing signs of exhaustion
- [GOLD](#) (spot) Plenty of support on dips
- [BTCUSD](#) Constructive while above 6,000
- [ETHUSD](#) Solid support zone around 100

### Fundamental highlights

- [EURUSD](#) ECB officials worry about monetary policy
- [GBPUSD](#) Moody's lowers UK banking sector outlook
- [USDJPY](#) Yen can't ignore demand from risk off
- [EURCHF](#) SNB faces tougher battle with Franc
- [AUDUSD](#) Aussie GDP miss opens renewed selling
- [USDCAD](#) BoC decision stands out
- [NZDUSD](#) Discouraging GDT auction result
- [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

- [Look on This Chart, Fund Managers, and Despair](#), J. Authers, **Bloomberg** (December 4, 2019)
- [FOMO Will Punish You.....So Stay Sidelined](#), **Financial Times** (December 4, 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 1.1097** - 21 November high - Medium
- **S1 1.0981** - 29 November low - Medium
- **S2 1.0941** - 8 October low - Strong

## EURUSD - fundamental overview

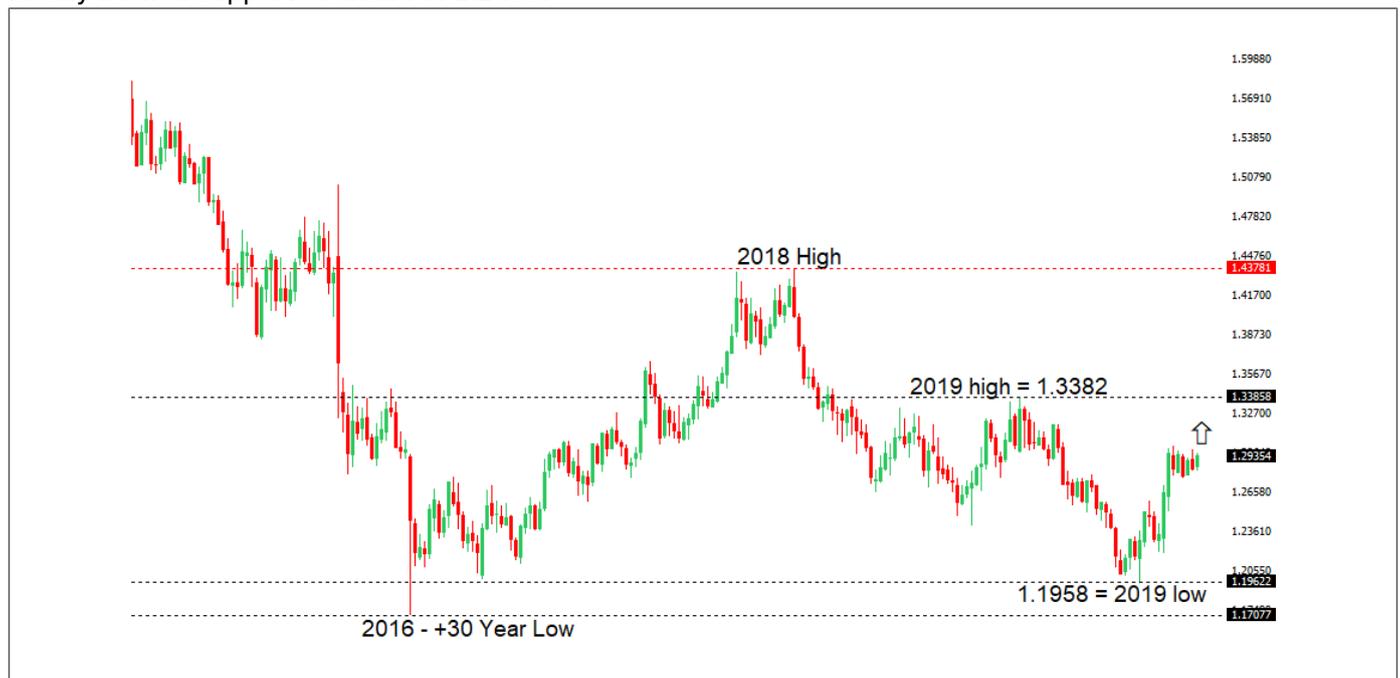
The Euro is coming out of a Tuesday session which had plenty of ECB officials on the wires with comments expressing concern for negative interest rate policy and the impact of keeping monetary policy at ultra accommodative levels for what has been an extended period of time. Meanwhile, President Trump continued to push forward with his latest wave of protectionist trade policy, telling Germany it must boost NATO spending or risk trade action from the US. On the data side, manufacturing reads out of the Eurozone and Germany were well received. Looking ahead, we get German and Eurozone services PMIs, US ADP employment and US ISM non-manufacturing.

## 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 recovering back above the daily Ichimoku cloud to take the immediate pressure off the downside. Ultimately, only back below the bottom of the daily Ichimoku cloud would compromise the more constructive outlook for the major pair. Next key resistance comes in the form of the 2019 high from March around 1.3380. Setbacks should ideally be well supported ahead of 1.2400.



- **R2 1.3013** - 21 October high - Strong
- **R1 1.3000** - Psychological - Medium
- **S1 1.2930** - 3 December low - Medium
- **S2 1.2824** - 22 November low - Strong

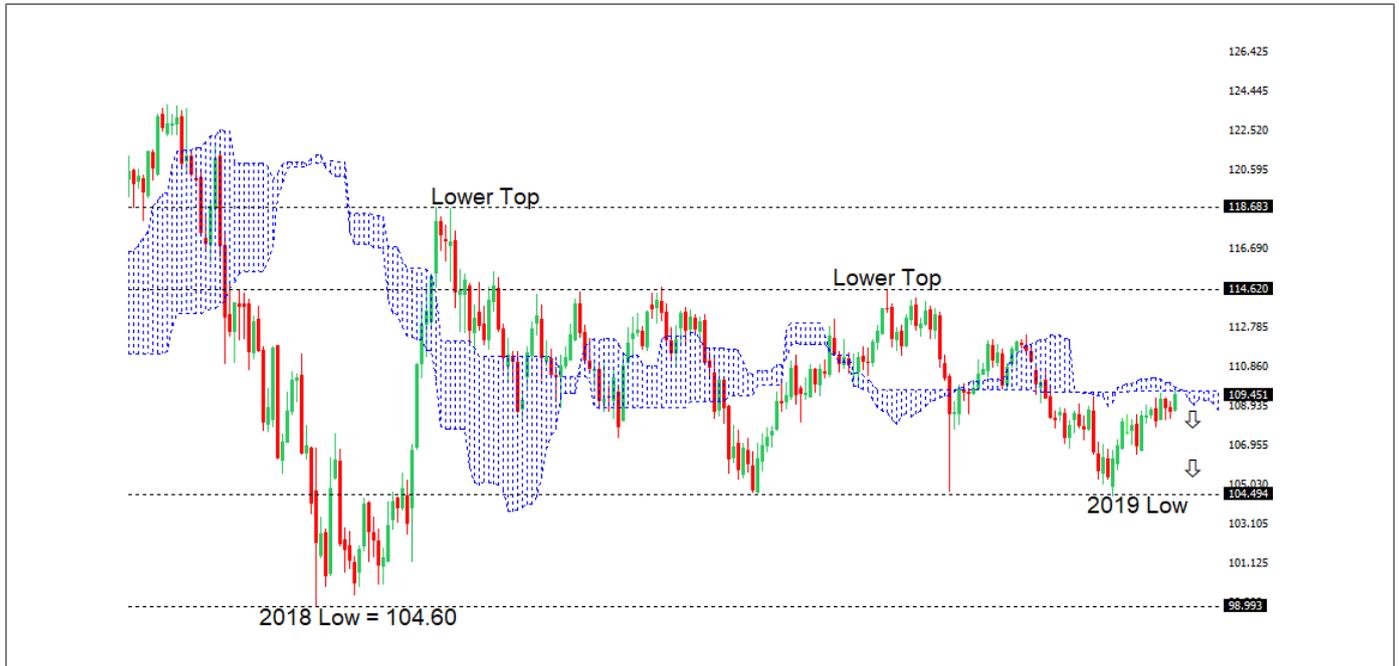
# GBPUSD - fundamental overview

The Pound has been holding up well, with UK elections polls helping things along, showing a majority result for the ruling Conservatives. Other headlines include Moody's lowering its outlook for the UK banking sector to 'negative' from 'stable,' as a deteriorating operating environment weighs on the banks. On the data front, UK construction spending came in better than expected. Looking ahead, we get UK services PMIs, US ADP employment and US ISM non-manufacturing.

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# 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 108.48** - 3 December low - Medium
- **S2 108.24** - 14 November low - Strong

# USDJPY - fundamental overview

The Yen has regained a bid tone (USDJPY sold) as trade war tensions work back into the mix. On the domestic front, BoJ Governor Kuroda said Japan 'needs to strengthen its potential for longer-term growth and improve growth expectations among companies'. Japan PM Abe said the government is 'in the final stage of putting together a stimulus package for the economy' totaling JPY25 trillion. The Japan November monetary base increased 3.3% YoY vs 3.1% in October, and November vehicle sales fell 14.6% vs -26.4% in October. Looking ahead, we get US ADP employment and US ISM non-manufacturing.

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# 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 0.6883** - 22 October high - Medium
- **S1 0.6800** - Figure - Medium
- **S2 0.6754** - 29 November low - Strong

# AUDUSD - fundamental overview

All of Aussie's positive momentum from the less dovish than expected RBA decision has run out of has, with Aussie back under pressure into Wednesday, falling victim to softer GDP results and the latest escalation in tension around the global trade outlook. Looking ahead, we get US ADP employment and US ISM non-manufacturing.

## 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 1.3348** - 3 October high - Strong
- **R1 1.3328** - 20 November high - Medium
- **S1 1.3254** - 22 November low - Medium
- **S2 1.3190** - 19 November low - Strong

## USDCAD - fundamental overview

Not much action in the Canadian Dollar in recent sessions, with the currency caught between demand from better than expected economic data, and offers in the price of OIL. Looking ahead, we get the Bank of Canada policy decision, US ADP employment and US ISM non-manufacturing.

# 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

**The New Zealand Dollar is performing well this week**, getting a boost from Kiwi terms of trade data, plans to spend more on infrastructure, and better than expected data out of China. All of this demand comes despite added worry around the timing and prospect for a phase one trade deal between the US and China, and a discouraging Kiwi GDT auction result on Tuesday. Looking ahead, we get US ADP employment and US ISM non-manufacturing.

## 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

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## 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.



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