

# Global FX Insights

by LMAX Group Research & Analytics

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

## US equities respond to harsher reality [Wake-up call](#)

Last week, we warned the US equity market could be on the verge of rolling over in the aftermath of a run of US inflation data that pointed to less investor friendly, higher for longer Fed monetary policy. The US Dollar had reacted accordingly, pushing higher across the board, all while stocks managed to initially shrug off the data.

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

- [EURUSD](#) Closer to finding higher low
- [GBPUSD](#) Strong support into 1.2000
- [USDJPY](#) Well supported on dips
- [AUDUSD](#) Trying to bottom out
- [USDCAD](#) Additional setbacks limited
- [NZDUSD](#) Wants to carve out bottom
- [US SPX 500](#) Next lower top sought out
- [GOLD](#) (spot) Structure remains constructive

### Fundamental highlights

- [EURUSD](#) Euro gets some relief from trade data
- [GBPUSD](#) Pricing possible end of BOE tightening
- [USDJPY](#) Japan closed for Monday holiday
- [AUDUSD](#) Sellers emerge as equities slide
- [USDCAD](#) Canada housing data hit hard
- [NZDUSD](#) Kiwi manufacturing PMIs slump
- [US SPX 500](#) Messy combo of slowing growth, inflation
- [GOLD](#) (spot) Dealers report plenty of demand

## 30 Day Performance vs. US dollar (%)



## Suggested reading

- [Tom Wolfe and the Birth of the Quant Revolution](#), A. Brown, **Bloomberg** (September 15, 2023)
- [Will Robotaxis Ever Be Commercially Viable?](#), P. McGee, **FT** (September 18, 2023)

## EURUSD - technical overview

The Euro remains well supported on dips following a run to the topside through 1.1000. Any additional setbacks should be well supported ahead of 1.0500 in favor of a bullish continuation. Ultimately, only a monthly close back below 1.0500 would give reason for concern. Next key resistance comes in the form of the 2023 high at 1.1276.



- **R2 1.0770** - 12 September high - Strong
- **R1 1.0700** - Figure - Medium
- **S1 1.0632** - 14 September low - Medium
- **S2 1.0600** - Figure -Medium

## EURUSD - fundamental overview

The latest round of trade data out of the Zone has given the Euro a mini boost into the new week. Eurozone trade surplus of manufacturing goods from January through July doubled from a year ago. Key standouts on Monday's calendar come from an ECB Guindos speech, Canada housing starts and producer prices, US NAHB housing, and an ECB Panetta speech.

## 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 2022. The November 2022 monthly close back above 1.2000 strengthens this prospect. Any setbacks should now be well supported ahead of 1.2000. Next key resistance comes in at 1.3143.



- **R2 1.2549** - 11 September high - Strong
- **R1 1.2500** - Psychological - Medium
- **S1 1.2377** - 18 September low - Medium
- **S2 1.2368** - 5 June low - Medium

# GBPUSD - fundamental overview

Traders are now pricing the possibility the **BOE** follows in the footsteps of the **ECB**, signaling the end of its tightening cycle with one last hike this week. The Pound has suffered as a consequence. Key standouts on Monday's calendar come from an **ECB** Guindos speech, Canada housing starts and producer prices, **US** **NAHB** housing, and an **ECB** Panetta speech.

[Watch now](#)

# USDJPY - technical overview

At this stage, it looks like the market is 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 on dips.



- **R2 148.00** - Figure - Medium
- **R1 147.95**- 15 September/**2023 high** - Medium
- **S1 145.90** - 11 September low - Medium
- **S2 144.44** - 1 September low - Strong

# USDJPY - fundamental overview

Japanese markets were closed on Monday in observance of the aged public holiday. The Yen has sunk to yet another yearly low on the back of monetary policy divergence. Later this week, we get the BOJ policy decision. Key standouts on Monday’s calendar come from an ECB Guindos speech, Canada housing starts and producer prices, US NAHB housing, and an ECB Panetta speech.

[Watch now](#)

# AUDUSD - technical overview

There are signs of the potential formation of a longer-term base with the market trading down into a meaningful longer-term support zone. Only a monthly close below 0.6400 would give reason for rethink. Back above 0.6523 will take the immediate pressure off the downside and strengthen case for a bottom.



- **R1 0.6617** - 10 August high - Strong
- **R2 0.6523** - 30 August high - Medium
- **S1 0.6357** - 6 September/2023 low - Strong
- **S2 0.6300** - Figure - Medium

# AUDUSD - fundamental overview

The Australian Dollar reversed recent gains on the back of a slide in commodities prices and downside pressure in equities. Key standouts on Monday's calendar come from an ECB Guindos speech, Canada housing starts and producer prices, US NAHB housing, and an ECB Panetta speech.

# USDCAD - technical overview

Above 1.3000 signals an end to a period of longer-term 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 1.3700** - Figure - Strong
- **R1 1.3695** - 7 September high - Medium
- **S1 1.3500** - Psychological - Medium
- **S2 1.3489** - 1 September low - Strong

# USDCAD - fundamental overview

The Canadian Dollar has been struggling of late on account of softer Canada economic data. On Friday, Canada existing home sales came in much softer than expected. Key standouts on Monday’s calendar come from an ECB Guindos speech, Canada housing starts and producer prices, US NAHB housing, and an ECB Panetta speech.

# 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 0.6015 would be required to take the immediate pressure off the downside. A monthly close below 0.6000 would intensify bearish price action.



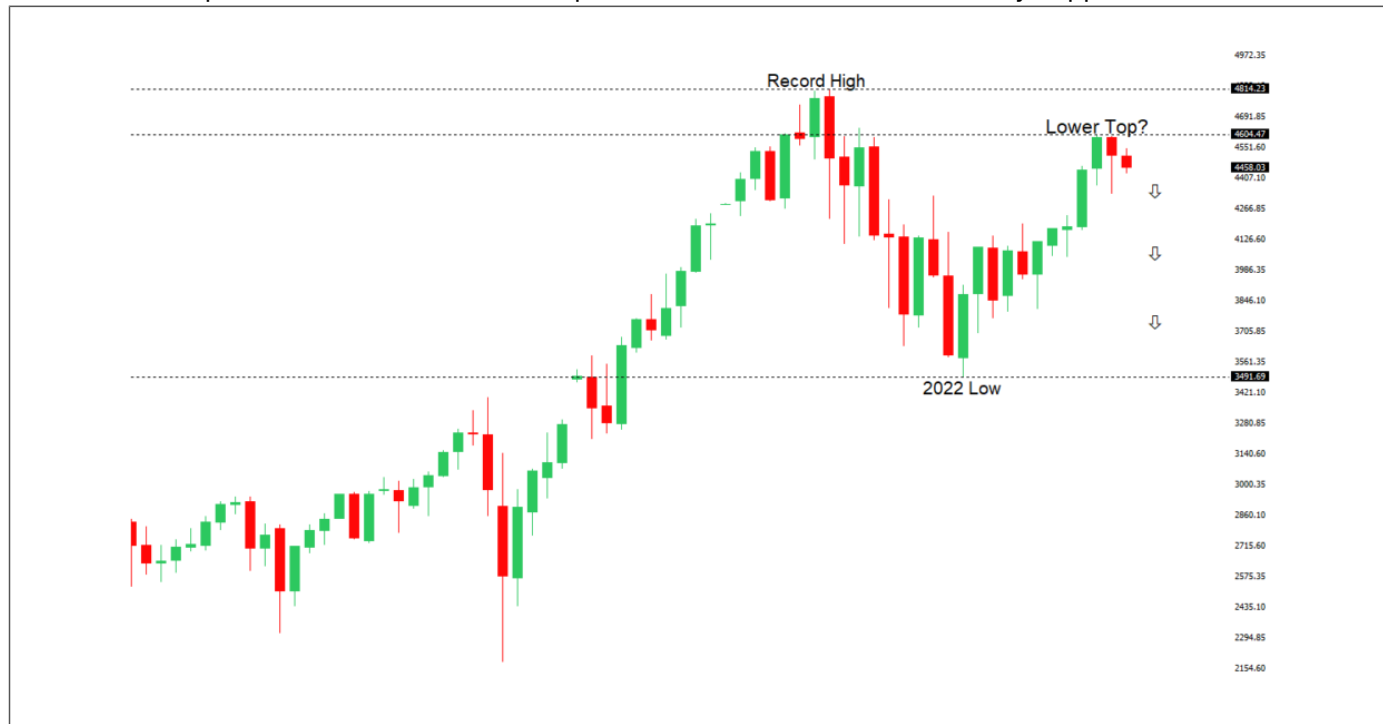
- **R2 0.6133** - 4 August high - Strong
- **R1 0.6015** - 1 September high - Medium
- **S1 0.5859** - 5 September/**2023 low** - Medium
- **S2 0.5841** - 10 November 2022 low - Medium

# NZDUSD - fundamental overview

**The New Zealand Dollar was an underperformer** on Friday after New Zealand manufacturing PMIs slumped to put in the worst showing in two years. Key standouts on Monday’s calendar come from an ECB Guindos speech, Canada housing starts and producer prices, US NAHB housing, and an ECB Panetta speech.

# 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 4600 will be required to take the immediate pressure off the downside. Next key support comes in at 4328.



- **R2 4541** - 4 August high - Medium
- **R1 4533** - 31 August high - Medium
- **S1 4328** - 26 June low - Medium
- **S2 4300** - Round Number - 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, even in the face of a less certain growth outlook. Overall, we expect inflation to continue to be a problem in 2023 that results in downside pressure into rallies despite market expectations that would argue otherwise.



# 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. Next major resistance comes in at 2100, above which opens the next extension towards 2500.



- **R2 1988** - 20 July high - Strong
- **R1 1950** - 30 August high - Medium
- **S1 1885** - 21 August low - Medium
- **S2 1871** - 10 March high - 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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