

# Global FX Insights

by LMAX Group Research & Analytics

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

## US jobs report stands out on Friday calendar [Wake-up call](#)

The market has grown up to the fact that it's going to be a lot tougher to bully the Fed into taking its foot off the gas pedal, and the reaction has been what one would expect.

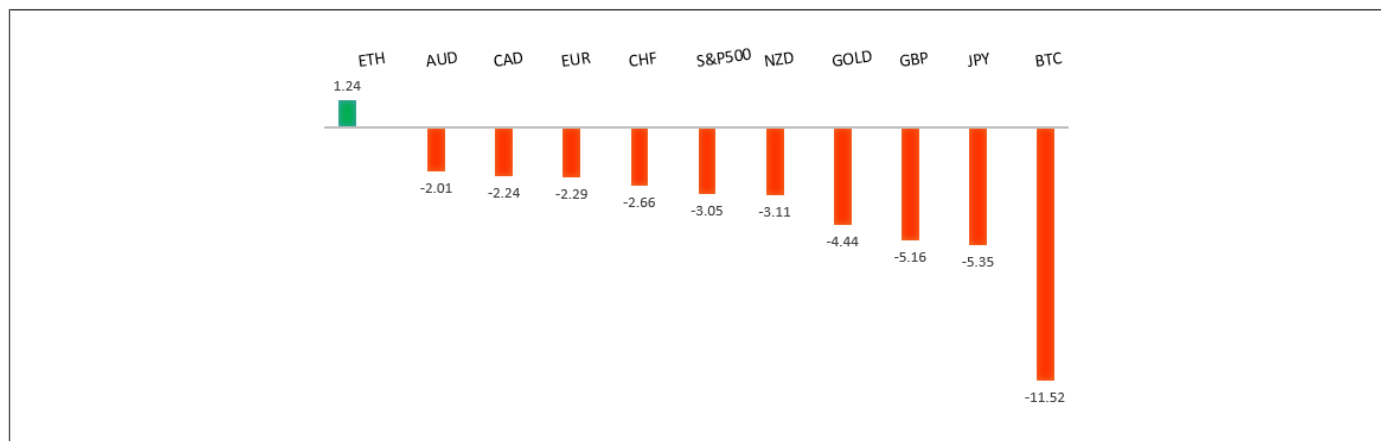
### Technical highlights [Daily Video](#)

- [EURUSD](#) Uncomfortable below parity
- [GBPUSD](#) Gravitating to 2020 low
- [USDJPY](#) Rallies should be capped for now
- [AUDUSD](#) Pressure remains on downside
- [USDCAD](#) Signs of meaningful base
- [NZDUSD](#) Breaks to fresh yearly low
- [US SPX 500](#) Lower top sought out
- [GOLD \(spot\)](#) Ready for next bullish run

### Fundamental highlights

- [EURUSD](#) European stocks down for fifth day
- [GBPUSD](#) Pound gets some relief against Euro
- [USDJPY](#) Japan crushed on policy divergence trade
- [AUDUSD](#) Aussie capex misses badly
- [USDCAD](#) Dreadful data out of Canada
- [NZDUSD](#) Kiwi struggles with risk-off flow
- [US SPX 500](#) Inflation headache not going away
- [GOLD \(spot\)](#) Dealers report plenty of demand

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



## Suggested reading

- [Defense Stocks Are More Than a Recession Haven](#), T. Black, **Bloomberg** (September 1, 2022)
- [Are High Petrol Prices Killing the American Dream?](#), M. McCormick, **Financial Times** (September 2, 2022)

# EURUSD - technical overview

The market has come under intense pressure in recent months, with setbacks accelerating below the critical multi-year low from 2017 at 1.0340. This has set up a dip below monumental support in the form of parity. At the same time, technical studies are tracking in oversold territory, suggesting additional setbacks should be limited. Back above 1.0500 would be required to take the immediate pressure off the downside.



- **R2 1.0146** - 17 August high - Medium
- **R1 1.0091** - 26 August high - Medium
- **S1 0.9900** - 23 August/**2022 low** - Strong
- **S2 0.9800** - Figure - Strong

# EURUSD - fundamental overview

The Euro hasn't been able to sustain back above parity, this after European stocks fell for a fifth day. Sovereign spreads have widened out and BTP-Bund spreads are at their highest in five weeks. Gas supplies are back in the headlines as NordStream is shut down for maintenance. Key standouts on Friday's calendar come from German trade, Eurozone producer prices, the US jobs report, and US factory orders.

# EURUSD - Technical charts in detail

[Watch now](#)

## GBPUSD - technical overview

The market continues to be exceptionally well supported on dips below 1.2000. At the same time, there is now risk for a retest of the multi-year low from 2020 down in the 1.1400 area before we see the formation of a base and the next big push back through 1.2000. Back above 1.1761 takes the immediate pressure off the downside.



- **R2 1.1901**- 26 August low - Strong
- **R1 1.1761** - 30 August high - Strong
- **S1 1.1499** - 1 September/2022 low - Medium
- **S2 1.1410** - 2020 low - Very Strong

## GBPUSD - fundamental overview

The Pound at least managed to outperform the Euro on Thursday, this on a better economic set of data relative to the Eurozone. UK August manufacturing PMIs were revised up in a big way, and Nationwide house prices rose month over month. Still this wasn't enough to stop the bleeding against the US Dollar, with Cable dropping to its lowest levels since March 2020. Key standouts on Friday's calendar come from German trade, Eurozone producer prices, the US jobs report, and US factory orders.

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# USDJPY - technical overview

Technical studies are looking quite stretched on the longer-term chart, warning of consolidation and correction in the days and weeks ahead. Look for additional upside from here to be well capped into the 140.00 area. Next key support comes in at 135.81.



- **R2 141.00** - Round Number - Strong
- **R1 140.27** - 2 September/2022 high - Medium
- **S1 137.57** - 29 August low - Medium
- **S2 135.81** - 23 August low - Strong

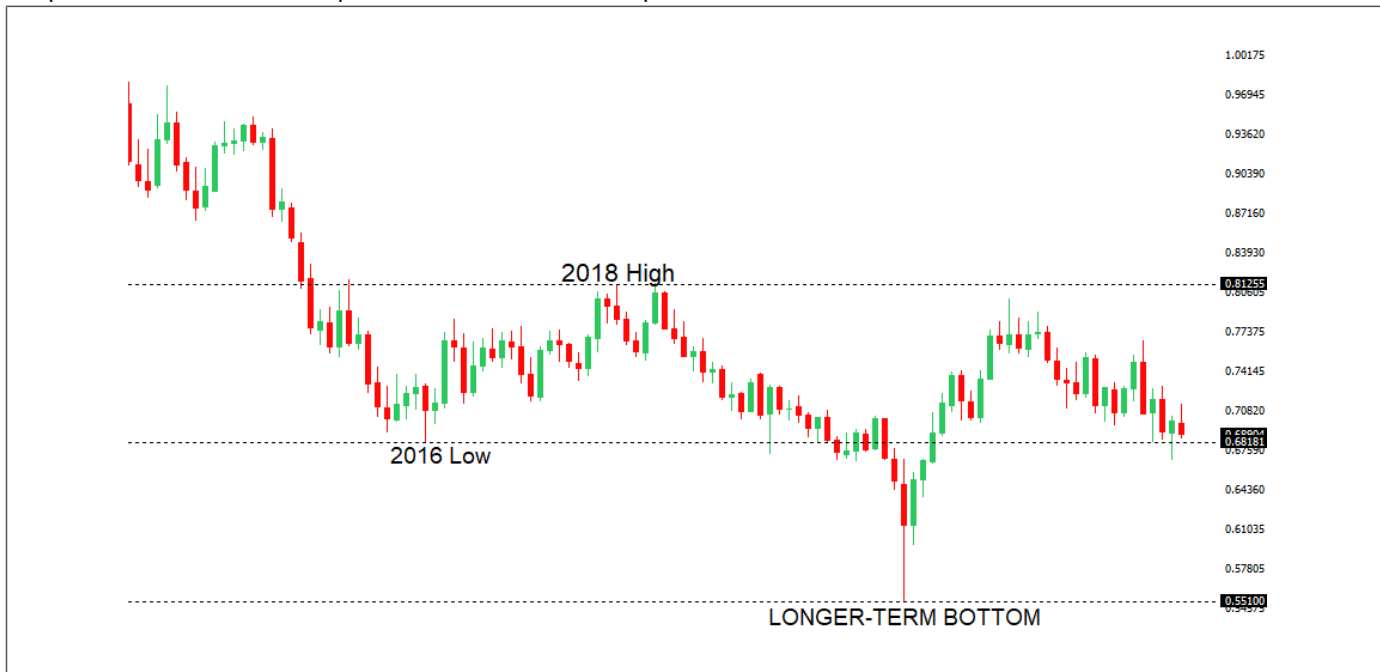
# USDJPY - fundamental overview

Yield differentials between the Yen and US Dollar have resulted in a massive downturn in the Yen in 2022, with the currency at its lowest levels since 1998. Monetary policy divergence will continue to drive flow here, especially with the BOJ still not willing to rule out additional easing. Earlier this week, we heard from BOJ Nakagawa who was out saying 2% inflation was alone not good enough to force a shift in policy. Key standouts on Friday's calendar come from German trade, Eurozone producer prices, the US jobs report, and US factory orders.

[Watch now](#)

# AUDUSD - technical overview

**Overall pressure remains on the downside** despite the recent recovery and conditions remain quite choppy. A break back above 0.7137 would be required to take the pressure off the downside. Until then, scope exists for a lower top below 0.7284 and deeper setbacks towards 0.6500.



- **R1 0.7137** - 11 August high - Strong
- **R2 0.7010** - 26 August high - Medium
- **S1 0.6762** - 5 July low - Medium
- **S2 0.6682** - 14 July/2022 low - Strong

# AUDUSD - fundamental overview

**The Australian Dollar hasn't been able to avoid** the dangers associated with high-beta currencies as risk off flow dominates the headlines. Meanwhile, the latest Aussie capex numbers haven't helped after missing badly. Key standouts on Friday's calendar come from German trade, Eurozone producer prices, the US jobs report, 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 1.3500 area. Setbacks should be very well supported down into the 1.2500 area.



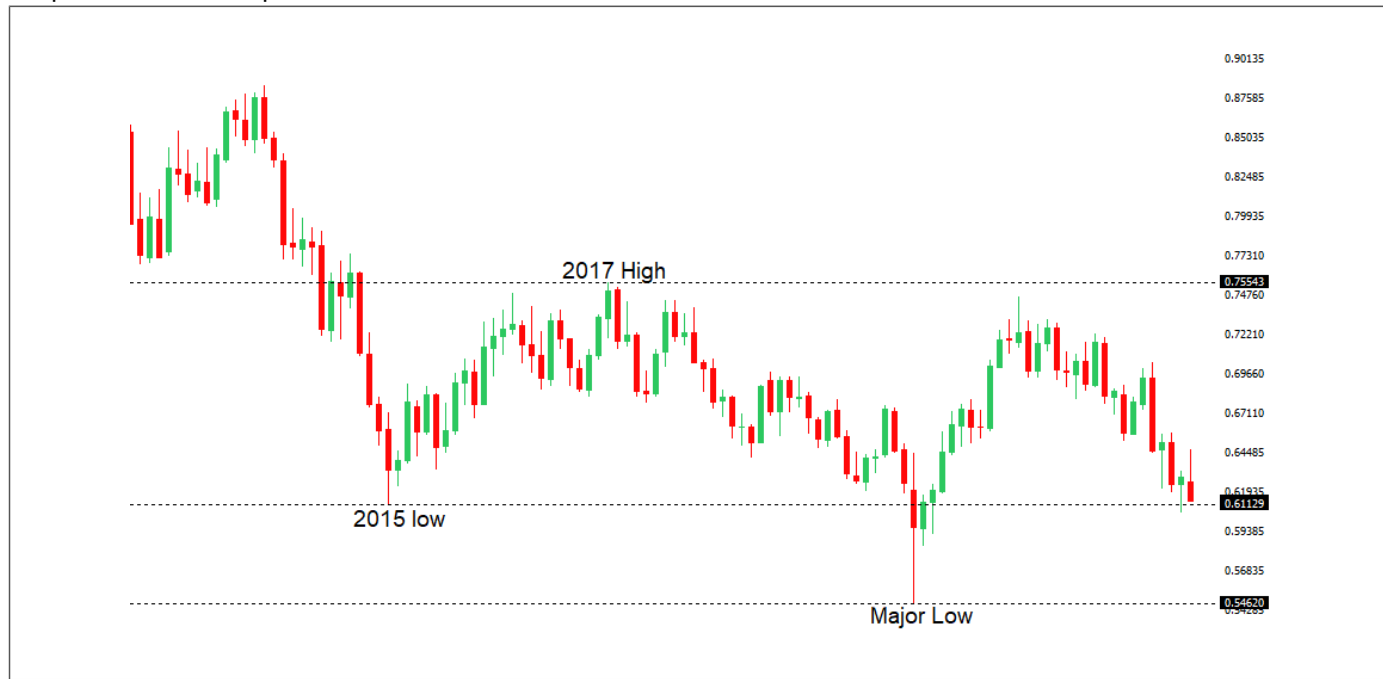
- **R2 1.3224** - 14 July/2022 high - Strong
- **R1 1.3208** - 1 September high - Medium
- **S1 1.2972** - 30 August low - Medium
- **S2 1.2895** - 25 August low - Strong

## USDCAD - fundamental overview

**More bleed for the Canadian Dollar on Thursday** after economic data out of Canada was awful. Canada building permits sunk, and manufacturing PMI reads were dreadful. Meanwhile, stocks continued to tumble and oil remained under pressure. Key standouts on Friday's calendar come from German trade, Eurozone producer prices, the US jobs report, and US factory orders.

# NZDUSD - technical overview

**Overall pressure remains on the downside** despite the recent recovery and conditions remain quite choppy. A break back above 0.6251 would be required to take the pressure off the downside. Until then, scope exists for deeper setbacks below 0.6000.



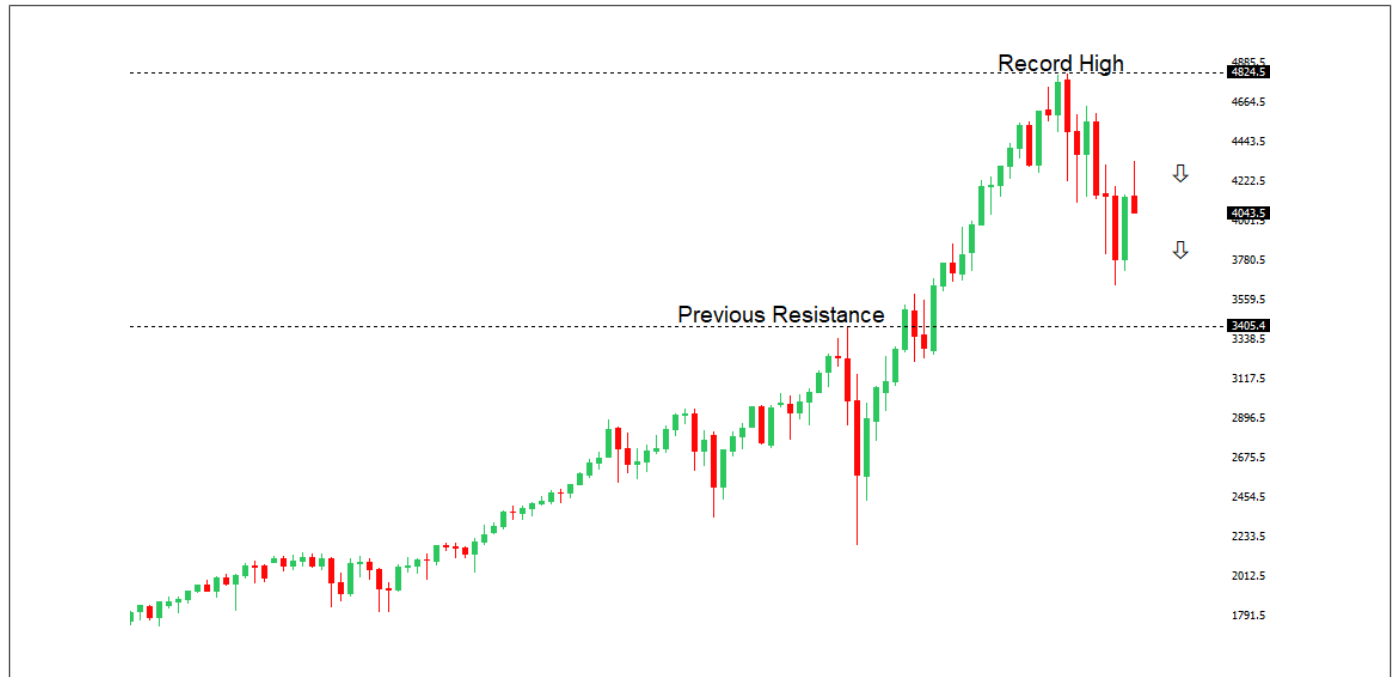
- **R2 0.6353** - 1 August high - Medium
- **R1 0.6251** - 25 August high - Strong
- **S1 0.6054**- 2 September/2022 low - Medium
- **S2 0.6000** - Psychological - Strong

# NZDUSD - fundamental overview

**The New Zealand Dollar continues to struggle** with risk off flow in global markets and should continue to play off the bigger picture themes as far as the outlook for the currency goes. Key standouts on Friday’s calendar come from German trade, Eurozone producer prices, the US jobs report, 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. Back above 4,328 will be required at a minimum to take the immediate pressure off the downside. Next major support comes in around 3,400.



- **R2 4328** - 16 August high - Strong
- **R1 4217** - 26 August high - Medium
- **S1 3903** - 1 September low - Medium
- **S2 3900** - Round Number - Medium

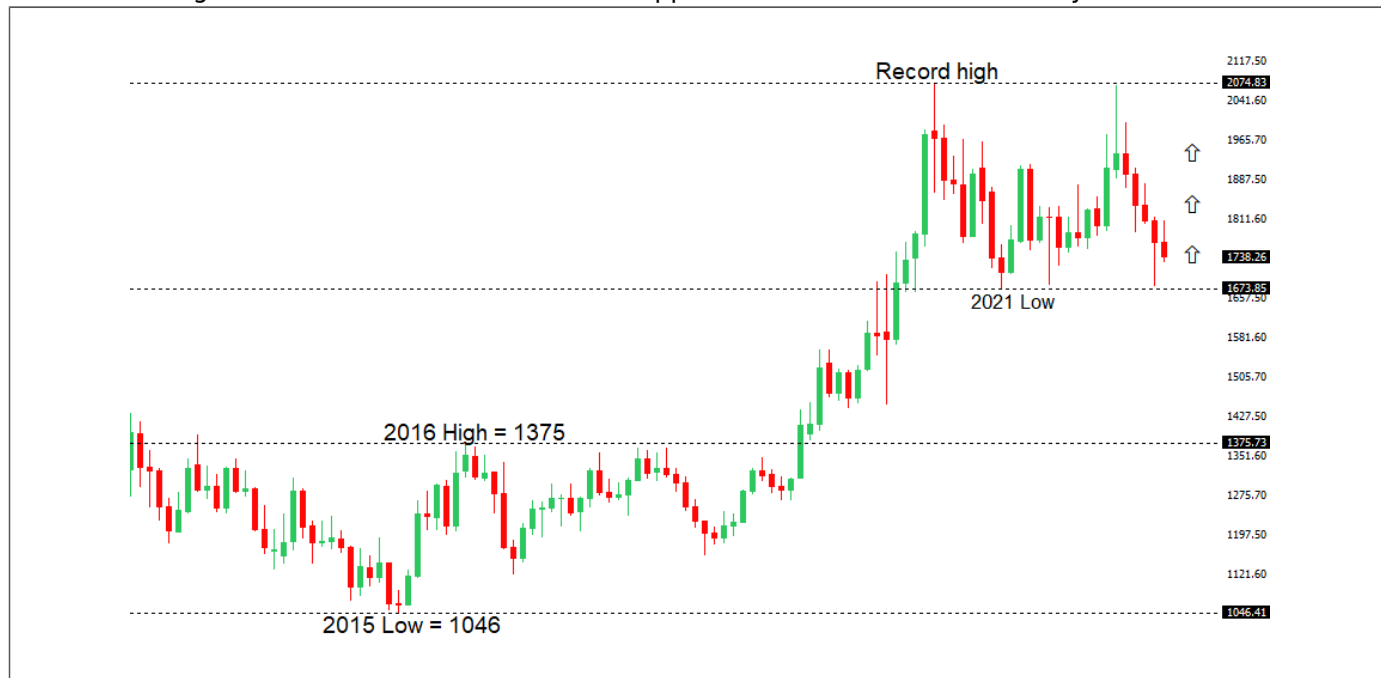
## US SPX 500 - fundamental overview

**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. We have seen an attempt at recovery in recent weeks, with softer CPI reads helping. But overall, we expect inflation to continue to be a problem that results in renewed 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 1700 on a monthly close basis.



- **R2 1880** - 13 June high - Strong
- **R1 1815** - 4 July high - Medium
- **S1 1689** - 1 September low - Medium
- **S2 1681** - 21 July/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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