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# Global FX Insights

by LMAX Group Research & Analytics

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

## US market out for long holiday weekend [🔊 Wake-up call](#)

As we get going in this new week, things aren't looking pretty. We've got the ongoing strain of higher for longer monetary policy, clearly hampering the growth outlook. We've got an energy crisis in Europe. And we've got a deteriorating outlook for the China economy.

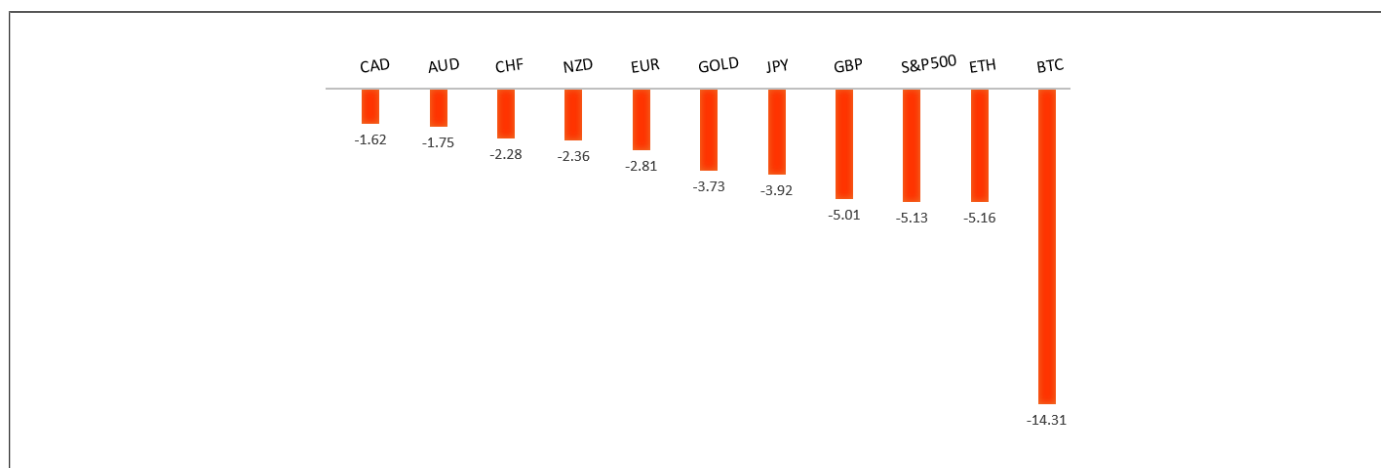
### Technical highlights [📺 Daily Video](#)

- [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](#) Energy crisis continues to weigh
- [GBPUSD](#) Government borrowing money no help
- [USDJPY](#) Market ignores FinMin Suzuki
- [AUDUSD](#) Aussie struggles with risk-off
- [USDCAD](#) Dreadful data hurts the Loonie
- [NZDUSD](#) Kiwi struggles with macro outlook
- [US SPX 500](#) Inflation headache not going away
- [GOLD](#) (spot) Dealers report plenty of demand

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



## Suggested reading

- [Uranium Risks Becoming the Next Critical Minerals Crisis](#), D. Fickling, **Bloomberg** (September 4, 2022)
- [Food and Fuel Compete for Farmland](#), E. Terazono, **Financial Times** (September 5, 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 continues to feel the pressures of monetary policy divergence between the ECB and Fed, and continues to be stressed about the energy crisis. Record inflation prints out of the Eurozone haven't helped to offset Euro declines. Today's calendar will be exceptionally thin on account of the US holiday closure. But we do get Eurozone retail sales and some services PMI reads out of Germany, the Eurozone, and UK.

## EURUSD - Technical charts in detail

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## 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 1.1459** - 5 September/2022 low - Medium
- **S2 1.1410** - 2020 low - Very Strong

## GBPUSD - fundamental overview

The Pound continues to get hit hard, with the currency suffering from the news of the government pledging to borrow money to subsidize energy consumers. The UK has now been replaced by India as the world's fifth largest economy. The UK money markets are pricing 275 bps of rate hikes by May to 4.5%. Today's calendar will be exceptionally thin on account of the US holiday closure. But we do get Eurozone retail sales and some services PMI reads out of Germany, the Eurozone, and UK.

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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 140.81** - 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. Attempts by Japan FinMin Suzuki to stop the bleed haven't helped much, after saying sudden FX moves not desirable. Today's calendar will be exceptionally thin on account of the US holiday closure. But we do get Eurozone retail sales and some services PMI reads out of Germany, the Eurozone, and UK.

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# 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, last week's Aussie capex numbers haven't helped after missing badly. Today's calendar will be exceptionally thin on account of the US holiday closure. But we do get Eurozone retail sales and some services PMI reads out of Germany, the Eurozone, and UK.

## 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 last week** after economic data out of Canada was awful. Meanwhile, stocks continued to tumble and oil remained under pressure. The Bank of Canada is expected to raise rates by 75 basis points on Wednesday. Today's calendar will be exceptionally thin on account of the US holiday closure. But we do get Eurozone retail sales and some services PMI reads out of Germany, the Eurozone, and UK.

# 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.



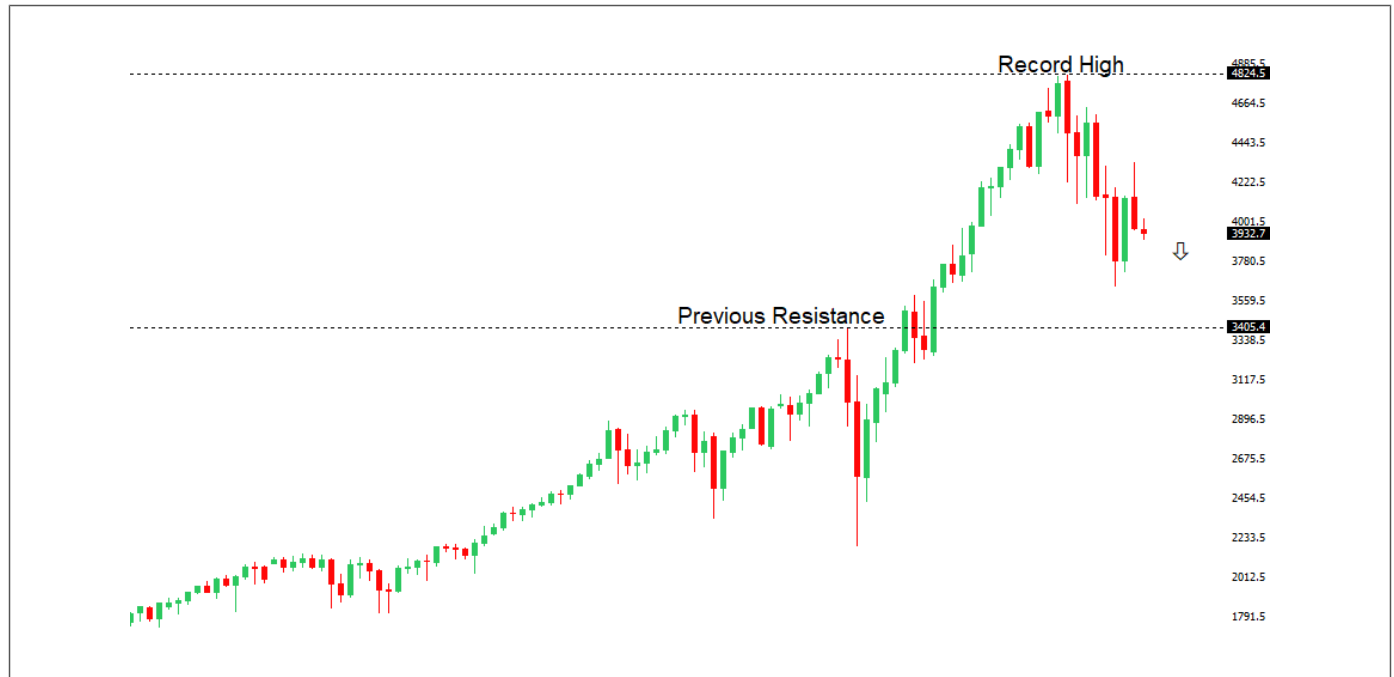
- **R2 0.6353** - 1 August high - Medium
- **R1 0.6251** - 25 August high - Strong
- **S1 0.6051**- 2 September/**2022 low** - Medium
- **S2 0.6000** - Psychological - Strong

# 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. Today's calendar will be exceptionally thin on account of the US holiday closure. But we do get Eurozone retail sales and some services PMI reads out of Germany, the Eurozone, and UK.

## 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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