

# Global FX Insights

by LMAX Group Research & Analytics

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

## US rates keep on rising; RBNZ surprises [Wake-up call](#)

Front end US rates rose for the eighth consecutive day as inflation worries come back front and center, trumping worries around the need for accommodative policy on instability in the banking sector.

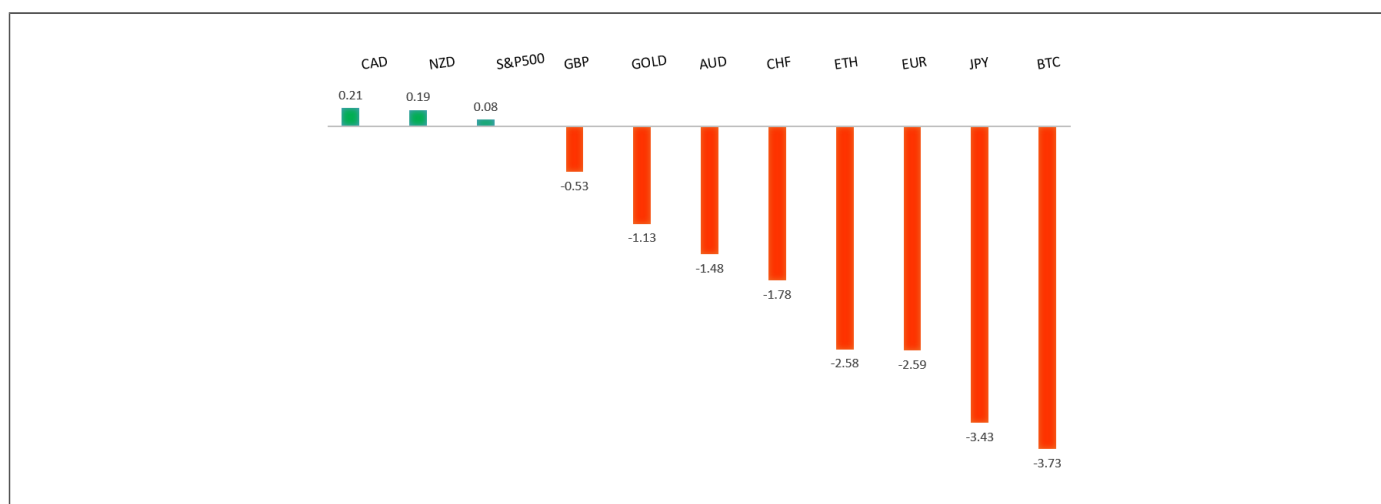
### Technical highlights [Daily Video](#)

- [EURUSD](#) Looking for a higher low
- [GBPUSD](#) Dips into correction mode
- [USDJPY](#) Possible bottom forming
- [AUDUSD](#) Well supported on dips
- [USDCAD](#) Strong base into 1.3000
- [NZDUSD](#) Stuck in sideways trade
- [US SPX 500](#) Additional upside limited
- [GOLD](#) (spot) Positioning for fresh record high

### Fundamental highlights

- [EURUSD](#) Soft manufacturing data weighs
- [GBPUSD](#) UK PMI miss, downbeat Bailey
- [USDJPY](#) Japan PMIs slow pace of Yen decline
- [AUDUSD](#) Aussie hit on RMB weakness, metals selling
- [USDCAD](#) Oil rally boosts Canadian Dollar
- [NZDUSD](#) Kiwi hit hard on surprise communication
- [US SPX 500](#) Inflation headache not going away
- [GOLD](#) (spot) Dealers report plenty of demand

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



## Suggested reading

- [Forget AI. The Real Risk Is the Dumbing Down of Markets](#), A. Brown, **Bloomberg** (May 24, 2023)
- [Is the Stock Market Expensive?](#), S. Ward, **Morningstar** (May 20, 2023)

# EURUSD - technical overview

The Euro remains well supported on dips following a run to the topside through 1.1000 earlier this year. Any additional setbacks should be well supported ahead of 1.0500 in favor of the formation of the next major higher low and 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 March 2022 high at 1.1185.



- **R2 1.0905** - 16 May high - Strong
- **R1 1.0849** - 18 May high - Medium
- **S1 1.0760** - 19 May low - Medium
- **S2 1.0713** - 24 March low - Strong

# EURUSD - fundamental overview

The Euro took another hit on Tuesday after a batch of softer manufacturing PMI data came out. German manufacturing PMIs plunged to a new post-pandemic low, while Eurozone manufacturing PMIs slid as well. Key standouts on Wednesday’s calendar come from UK inflation data, German Ifo reads, UK CBI trends, Canada manufacturing sales, an ECB Lagarde speech, and the Fed Minutes late in the day.

# 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 1.2680.



- **R2 1.2547** - 16 May high - Strong
- **R1 1.2493** - 18 May high - Medium
- **S1 1.2373** - 23 May low- Medium
- **S2 1.2344** - 10 April low - Strong

# GBPUSD - fundamental overview

The Pound got hit hard on a surprise UK PMI miss, while BOE Bailey didn't help matter after saying the central bank misjudged inflation and that the pessimistic outlook damaged consumer confidence. Key standouts on Wednesday's calendar come from UK inflation data, German Ifo reads, UK CBI trends, Canada manufacturing sales, an ECB Lagarde speech, and the Fed Minutes late in the day.

[Watch now](#)

# USDJPY - technical overview

The major pair has seen a nice recovery following the massive correction out from multi-year highs. Setbacks have finally been well supported ahead of 125.00 in the 127s thus far. At this stage, it looks like the market could be 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 in favor of higher lows along the way.



- **R2 139.90** - 30 November high - Strong
- **R1 138.91** - 23 May/2023 high - Medium
- **S1 136.30** - 17 May low - Medium
- **S2 135.64** - 15 May low - Strong

# USDJPY - fundamental overview

The Yen has extended its run of declines to fresh yearly lows against the Buck on more dovish comments out from the BOJ. Earlier this week, BOJ Kazuo was out reiterating calls for continued ultra-easy policy. We did however see some steadying in the currency after Japanese PMIs came in on the stronger side. Key standouts on Wednesday’s calendar come from UK inflation data, German Ifo reads, UK CBI trends, Canada manufacturing sales, an ECB Lagarde speech, and the Fed Minutes late in the day.

[Watch now](#)

# AUDUSD - technical overview

There are signs of the potential formation of a longer-term base following the late 2022 surge back above 0.6500. The recent weekly close back above previous support now turned resistance at 0.6682 strengthens the outlook for a bullish structural shift. Next key resistance comes in at 0.7284. Setbacks should be well supported ahead of 0.6500.



- **R1 0.6806** - 14 April high - Strong
- **R2 0.6804** - 8 May high - Medium
- **S1 0.6586** - 24 May low - Medium
- **S2 0.6564** - 10 March low - Strong

# AUDUSD - fundamental overview

The Australian Dollar has been weighed down this week on weakness in the RMB and metals prices. Key standouts on Wednesday’s calendar come from UK inflation data, German Ifo reads, UK CBI trends, Canada manufacturing sales, an ECB Lagarde speech, and the Fed Minutes late in the day.

# 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 1.4000 area. Setbacks should be very well supported down into the 1.3000 area.



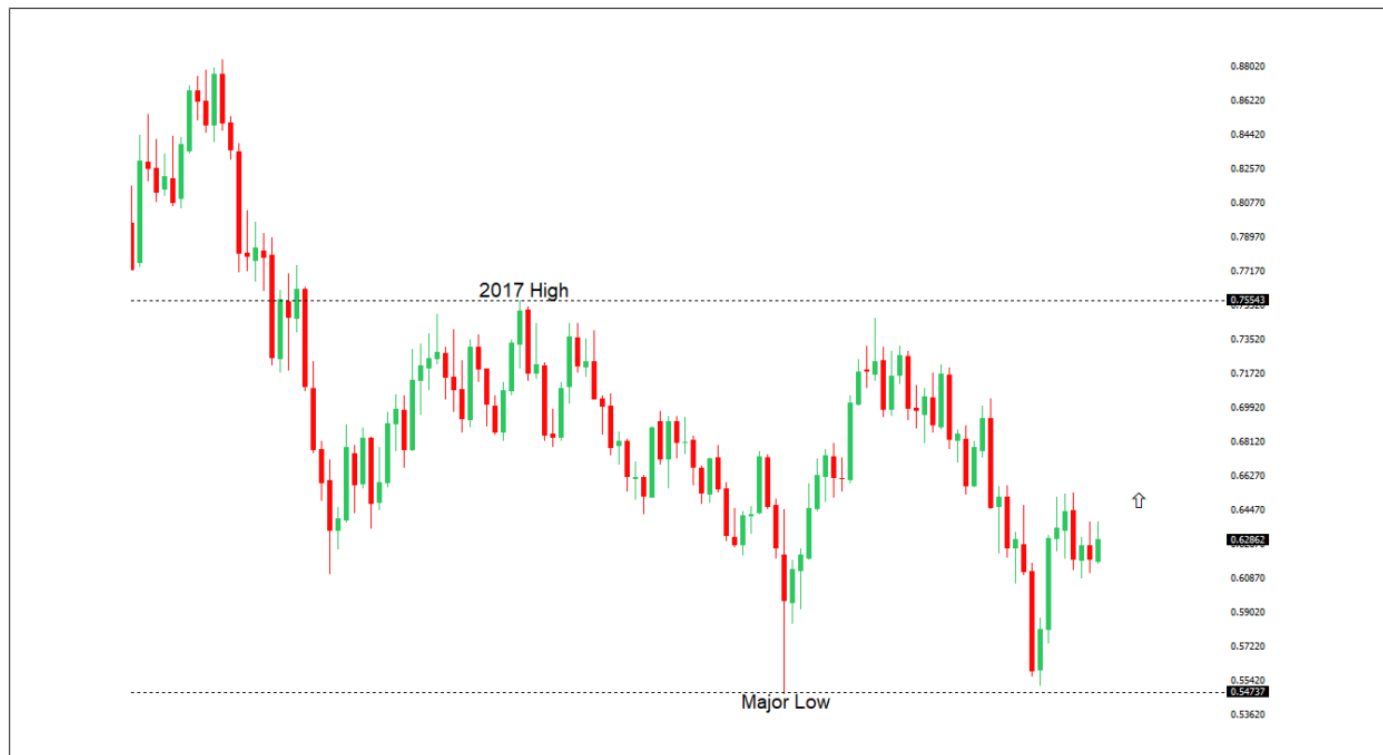
- **R2 1.3600** - Figure - Medium
- **R1 1.3568** - 15 May high - Medium
- **S1 1.3404** - 16 May low - Medium
- **S2 1.3301** - 14 April low - Strong

# USDCAD - fundamental overview

The Canadian Dollar overcame an early round of Tuesday weakness after the price of oil shot higher. Key standouts on Wednesday’s calendar come from UK inflation data, German Ifo reads, UK CBI trends, Canada manufacturing sales, an ECB Lagarde speech, and the Fed Minutes late in the day.

# 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 0.6577 would be required to take the immediate pressure off the downside.



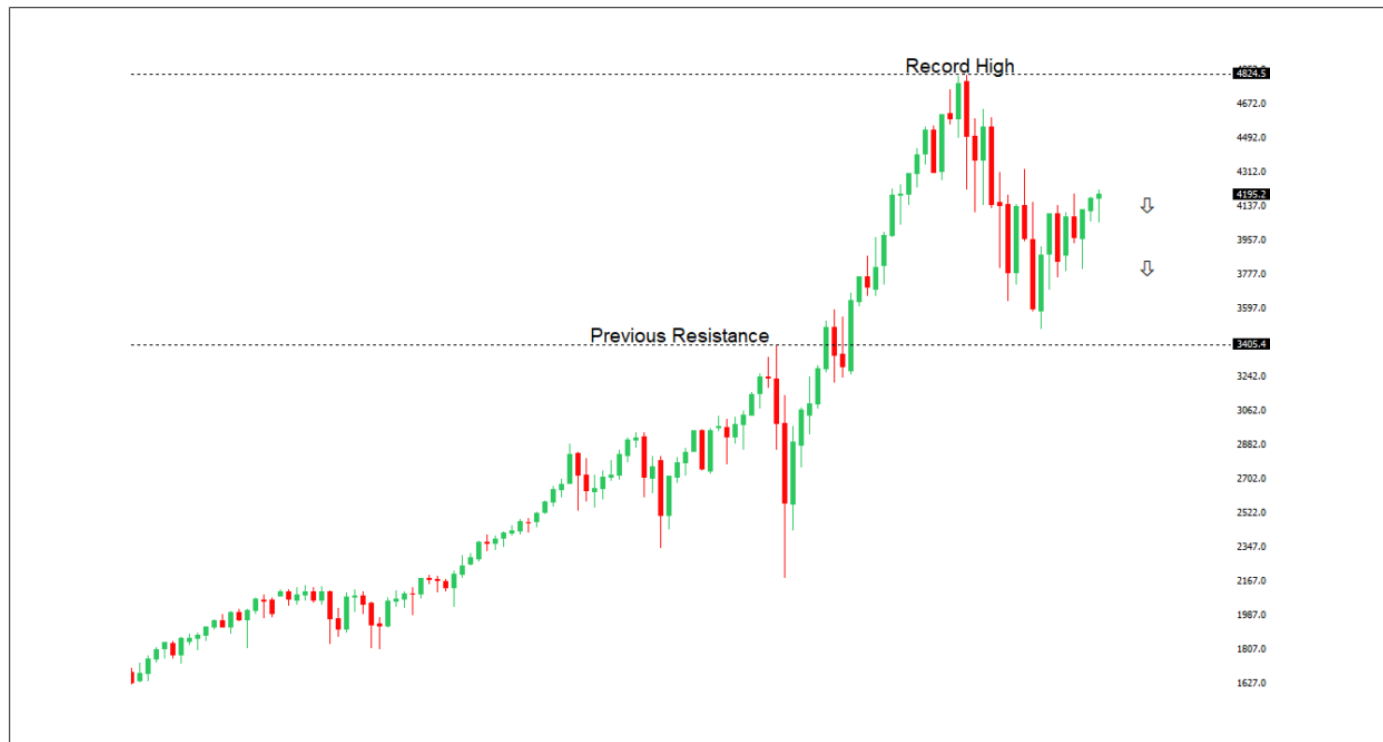
- **R2 0.6391** - 14 February high - Strong
- **R1 0.6306** - 19 May high - Medium
- **S1 0.6111**- 26 April low - Medium
- **S2 0.6084** - 8 March low - Strong

# NZDUSD - fundamental overview

**The New Zealand Dollar has come under intense pressure** on Wednesday after the RBNZ raised rates as expected but shocked the market with the communication that no further policy tightening would be needed to tame inflation. Key standouts on Wednesday’s calendar come from UK inflation data, German Ifo reads, UK CBI trends, Canada manufacturing sales, an ECB Lagarde speech, and the Fed Minutes late in the day.

# 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 4300 will be required at a minimum to take the immediate pressure off the downside. Next major support comes in at 4049.



- **R2 4217** - 26 August high - Strong
- **R1 4217** - 19 May/2023 high - Medium
- **S1 4100** - 12 May low - Medium
- **S2 4049** - 4 May low - 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 that risks potential recession in the months ahead. Overall, we expect inflation to continue to be a problem in 2023 that results in 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 1600 on a monthly close basis ahead of the next major upside extension. The recent break back above 1808 strengthens the bullish outlook. Next major resistance comes in at 2100, above which opens the next extension towards 2,500.



- **R2 2100** - Round Number - Strong
- **R1 2076** - Record high/2020 - Strong
- **S1 1952** - 18 May low - Medium
- **S2 1934** - 22 March 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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