

Global FX Insights

by LMAX Group Research & Analytics

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

Which way will sentiment break? [Wake-up call](#)

It's unclear what the mood of the market is right now. On Monday, we got a clear dose of risk off flow, with stocks lower and the US Dollar higher. But already into Tuesday, we're seeing a reversal of that flow.

Technical highlights [Daily Video](#)

- [EURUSD](#) Trying to put in base
- [GBPUSD](#) Signs of bottoming out
- [USDJPY](#) Overdue correction plays out
- [AUDUSD](#) Testing important resistance
- [USDCAD](#) Support ahead of 1.3000
- [NZDUSD](#) Corrections should be capped
- [US SPX 500](#) Rally expected to stall out
- [GOLD](#) (spot) Ready for next big push

Fundamental highlights

- [EURUSD](#) Euro fades after hawkish ECB rally
- [GBPUSD](#) Pound hit on dreadful CBI print
- [USDJPY](#) Kishida seeks to double defense spending
- [AUDUSD](#) RBA Lowe blasted at Senate appearance
- [USDCAD](#) Canada current account deficit widens
- [NZDUSD](#) RBNZ Silk talks exchange rate
- [US SPX 500](#) Inflation headache not going away
- [GOLD](#) (spot) Dealers report plenty of demand

30 Day Performance vs. US dollar (%)



Suggested reading

- [Rising Inventory Will Be the Housing Market's Next Problem](#), J. Levin, **Bloomberg** (November 29, 2022)
- [Why Did Carlyle's CEO Resign?](#), A. Gara, **Financial Times** (November 28, 2022)

EURUSD - technical overview

A break back above important resistance at 1.0200 suggests the market could be in the process of carving out a longer-term base after sinking to a multi-year low. Look for any setbacks to now be well supported ahead of 0.9900, with only a break back below 0.9730 to compromise the shifting outlook. Next key resistance comes in by previous support at 1.0636.



- **R2 1.0615** - 27 June high - Strong
- **R1 1.0497** - 28 November high - Medium
- **S1 1.0223** - 21 November low - Medium
- **S2 1.0094** - 27 October high - Strong

EURUSD - fundamental overview

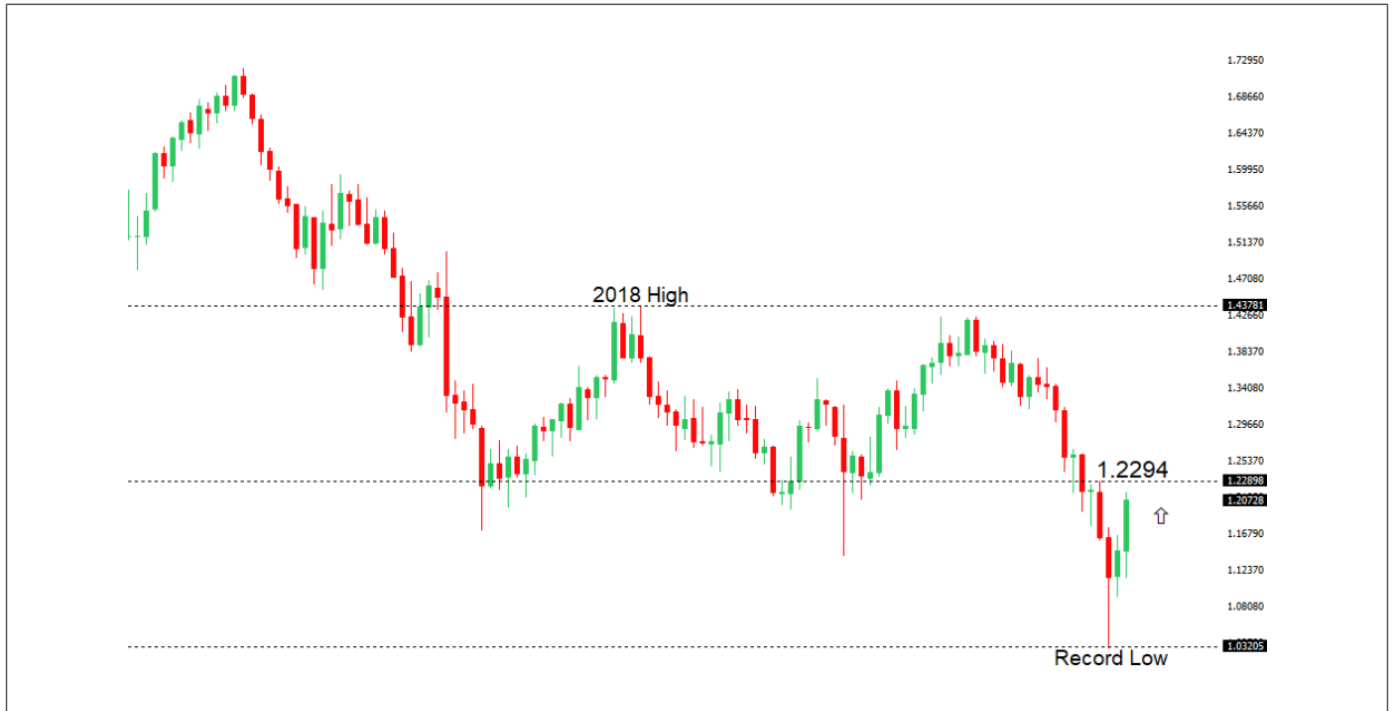
The Euro was propped up to a multi-month high on Monday from a round of hawkish ECB comments, before fading as broad based US Dollar demand kicked in. Key standouts on today's calendar come from German inflation reads, UK mortgage approvals, Eurozone confidence and sentiment data, Canada GDP, US house prices, consumer confidence, and Dallas Fed manufacturing.

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. The latest weekly close back above the September high at 1.1739 strengthens this prospect. Any setbacks should now be well supported ahead of 1.1100. Next key resistance comes in at 1.2294.



- **R2 1.2294**- 1 August high - Strong
- **R1 1.2154** - 24 November high - Medium
- **S1 1.2000** - Psychological - Medium
- **S2 1.1763** - 17 November low - Medium

GBPUSD - fundamental overview

The Pound suffered on Monday from the 1-2 blow of dreadful CBI data and broad based US Dollar demand. Key standouts on today's calendar come from German inflation reads, UK mortgage approvals, Eurozone confidence and sentiment data, Canada GDP, US house prices, consumer confidence, and Dallas Fed manufacturing.

[Watch now](#)

USDJPY - technical overview

Longer-term technical studies are in the process of unwinding from severe overbought readings. Look for additional corrective price action back down towards the 130.00 area before the market considers the possibility of uptrend resumption. Rallies should now be well capped ahead of 147.00.



- **R2 145.10** - 27 October low - Strong
- **R1 142.26** - 21 November high - Medium
- **S1 137.50** - 29 November low - Medium
- **S2 137.00** - Figure - Medium

USDJPY - fundamental overview

The Yen has been better bid in recent sessions, getting a boost from the combination of hotter Japan inflation data and renewed risk off flow. Meanwhile, PM Kishida seeks to double defense spending to 2%. On the data front, Japan jobs data was more or less in line, while retail sales slumped. Key standouts on today's calendar come from German inflation reads, UK mortgage approvals, Eurozone confidence and sentiment data, Canada GDP, US house prices, consumer confidence, and Dallas Fed manufacturing.

[Watch now](#)

AUDUSD - technical overview

There are signs of the potential formation of a longer-term base following the recent surge back above 0.6500. The latest weekly close back above previous support now turned resistance at 0.6682 strengthens the outlook for a bullish structural shift.



- **R1 0.6917** - 13 September high - Strong
- **R2 0.6798** - 15 November high - Medium
- **S1 0.6500** - Psychological - Medium
- **S2 0.6387** - 10 November low - Strong

AUDUSD - fundamental overview

RBA Lowe was blasted at his recent Senate appearance and apologized to mortgage holders for relying on RBA rate guidance. The Australian Dollar also suffered from poor Aussie retail sales numbers and broad based US Dollar demand. Key standouts on today’s calendar come from German inflation reads, UK mortgage approvals, Eurozone confidence and sentiment data, Canada GDP, US house prices, consumer confidence, and Dallas Fed manufacturing.

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 1.3572** - 10 November high - Strong
- **R1 1.3505** - 28 November high - Medium
- **S1 1.3226** - 15 November low - Medium
- **S2 1.3200** - Figure - Strong

USDCAD - fundamental overview

The Canadian Dollar has been getting some relief from a rebound in the price of oil, but overall has been sold on the back of a wider Canada current account deficit and broad based US Dollar demand. Key standouts on today's calendar come from German inflation reads, UK mortgage approvals, Eurozone confidence and sentiment data, Canada GDP, US house prices, consumer confidence, and Dallas Fed manufacturing.

NZDUSD - technical overview

Overall pressure remains on the downside with risk for the current recovery rally to stall out and form a lower top for the next major downside extension. A break back above 0.6469 would be required to take the immediate pressure off the downside.



- **R2 0.6469** - 12 August high - Strong
- **R1 0.6290** - 24 November high - Medium
- **S1 0.6065**- 17 November low - Medium
- **S2 0.5970** - 11 November low - Strong

NZDUSD - fundamental overview

Earlier, RBNZ Silk was on the wires saying she was surprised by persistent inflation and that a higher exchange rate would be helpful but not policy goal Key standouts on today’s calendar come from German inflation reads, UK mortgage approvals, Eurozone confidence and sentiment data, Canada GDP, US house prices, consumer confidence, and Dallas Fed manufacturing.

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 4000 will be required at a minimum to take the immediate pressure off the downside. Next major support comes in around 3200.



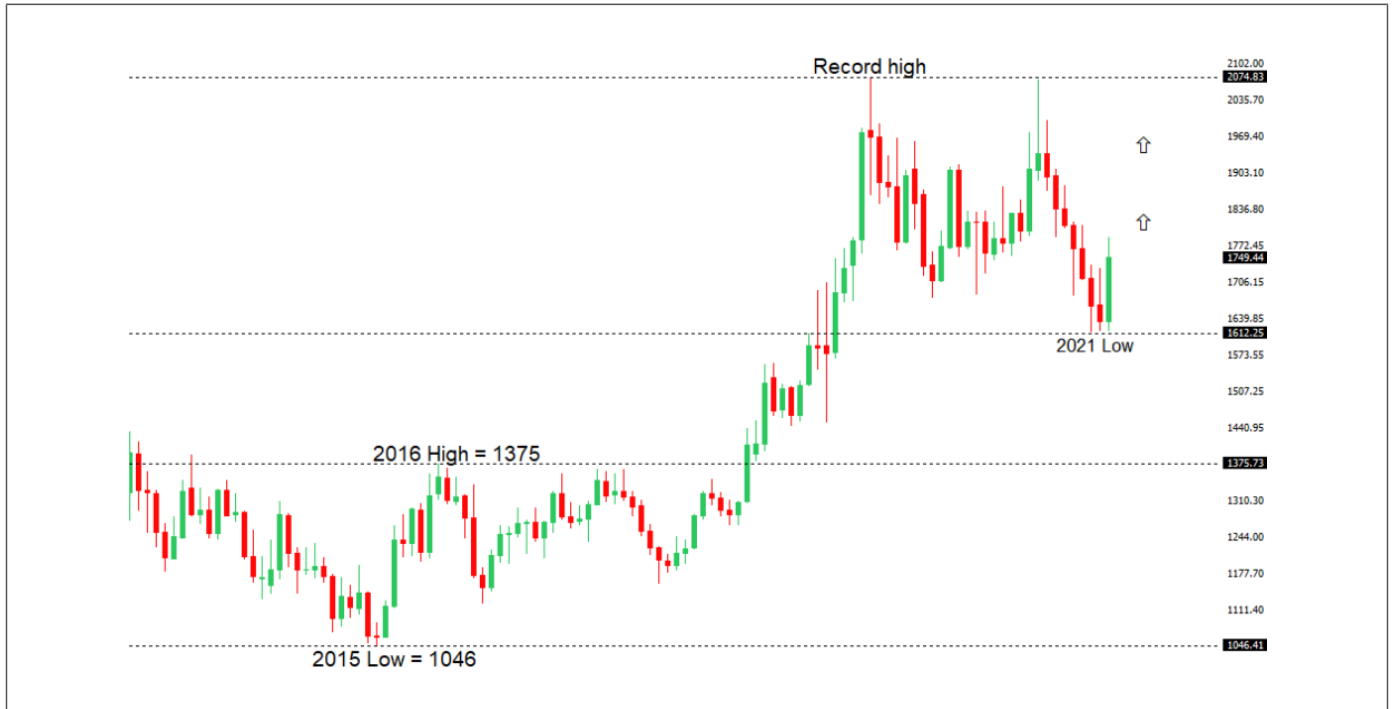
- **R2 4150** - 13 September high - Strong
- **R1 4048** - 15 November high - Strong
- **S1 3863** - 8 November high - Medium
- **S2 3699** - 3 November low - Strong

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 Q4 2022 and Q1 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. Back above 1808 will strengthen the bullish outlook.



- **R2 1808** - 7 August high - Strong
- **R1 1787** - 15 November high - Medium
- **S1 1719** - 23 November low - Medium
- **S2 1665** - 8 November low - Medium

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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