

# Global FX Insights

by LMAX Exchange Research & Analytics

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

## Yen holding up surprisingly well 🔊 [Wake-up call](#)

The US Dollar has been weaker of late, and a lot of this has been attributed to fallout from last week's abysmal US industrial production print, the worst in over ten years. The discouraging manufacturing update could only serve to embolden the US administration's protectionist, soft Dollar agenda, and this has resonated with currency traders.

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

- [EURUSD](#) Setbacks viewed as corrective
- [GBPUSD](#) Looking to establish above 1.3000
- [USDJPY](#) Rallies should be well capped
- [EURCHF](#) Lower top sought out
- [AUDUSD](#) Bounces from longer-term support
- [USDCAD](#) Structure continues to point higher
- [NZDUSD](#) Working its way out from major low
- [US SPX 500](#) Upside limited from current levels
- [GOLD](#) (spot) Next higher low sought out
- [BTCUSD](#) Showing signs of turning back up
- [ETHUSD](#) Additional downside limited

### Fundamental highlights

- [EURUSD](#) Eurozone construction output
- [GBPUSD](#) UK industrial trends orders ahead
- [USDJPY](#) Yen unbothered by dovish Kuroda
- [EURCHF](#) SNB faces tougher battle with Franc
- [AUDUSD](#) Aussie hit on dovish RBA Minutes
- [USDCAD](#) Canada manufacturing sales on tap
- [NZDUSD](#) Latest GDT auction results due
- [US SPX 500](#) Trade policy to weigh on sentiment
- [GOLD](#) (spot) Pick up in hard asset demand
- [BTCUSD](#) More institutional demand expected
- [ETHUSD](#) Ether exposed to traditional markets

## 5 Day Performance vs. US dollar



## Suggested reading

- [With Friends Like These, Do Markets Need Enemies?](#), J. Authers, **Bloomberg** (November 19, 2019)
- [The Brexit Disruptors: Beyond Left and Right](#), M. Green, **FT** (November 18, 2019)

# EURUSD - technical overview

The downtrend off the 2018 high is looking exhausted and the prospect for a meaningful higher low is more compelling. A higher low is now sought out above the multi-year low from 2017, ahead of the next major upside extension. Only a weekly close back below 1.0800 would compromise this outlook. Back above 1.1412 will strengthen the view.



- **R2 1.1180** - 21 October high - Strong
- **R1 1.1093** - 6 November high - Medium
- **S1 1.0989** - 14 November low - Medium
- **S2 1.0941** - 8 October low - Strong

# EURUSD - fundamental overview

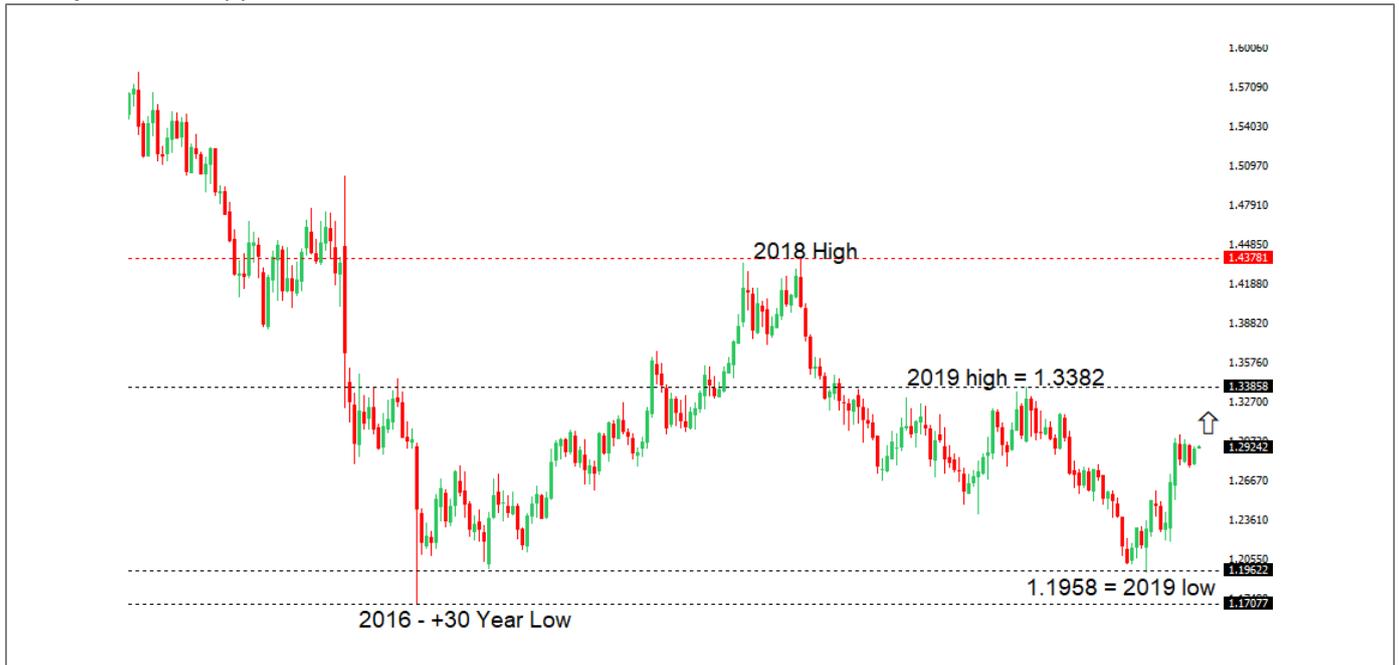
It's mostly been about official speak on the Eurozone side. ECB Guindos said the central bank won't reach its limits on its QE program over the short term, ECB Lane said he 'doesn't think the ECB is at the limit yet,' and ECB Muller said the central bank could 'broaden its asset-purchase program' in the event of a 'really bad economic situation.' Looking ahead, we get the Eurozone current account, Eurozone construction output, US housing starts and building permits, and a Fed Williams speech.

# EURUSD - Technical charts in detail

[Watch now](#)

# GBPUSD - technical overview

The market has seen a recovery out from the lowest levels since 2016, with the price recovering back above the daily Ichimoku cloud to take the immediate pressure off the downside. Ultimately, only back below the bottom of the daily Ichimoku cloud would compromise the more constructive outlook for the major pair. Next key resistance comes in the form of the 2019 high from March around 1.3380. Setbacks should ideally be well supported ahead of 1.2400.



- **R2 1.3013** - 21 October high - Strong
- **R1 1.2985** - 18 November high - Medium
- **S1 1.2867** - 15 November low - Medium
- **S2 1.2769** - 8 November low - Strong

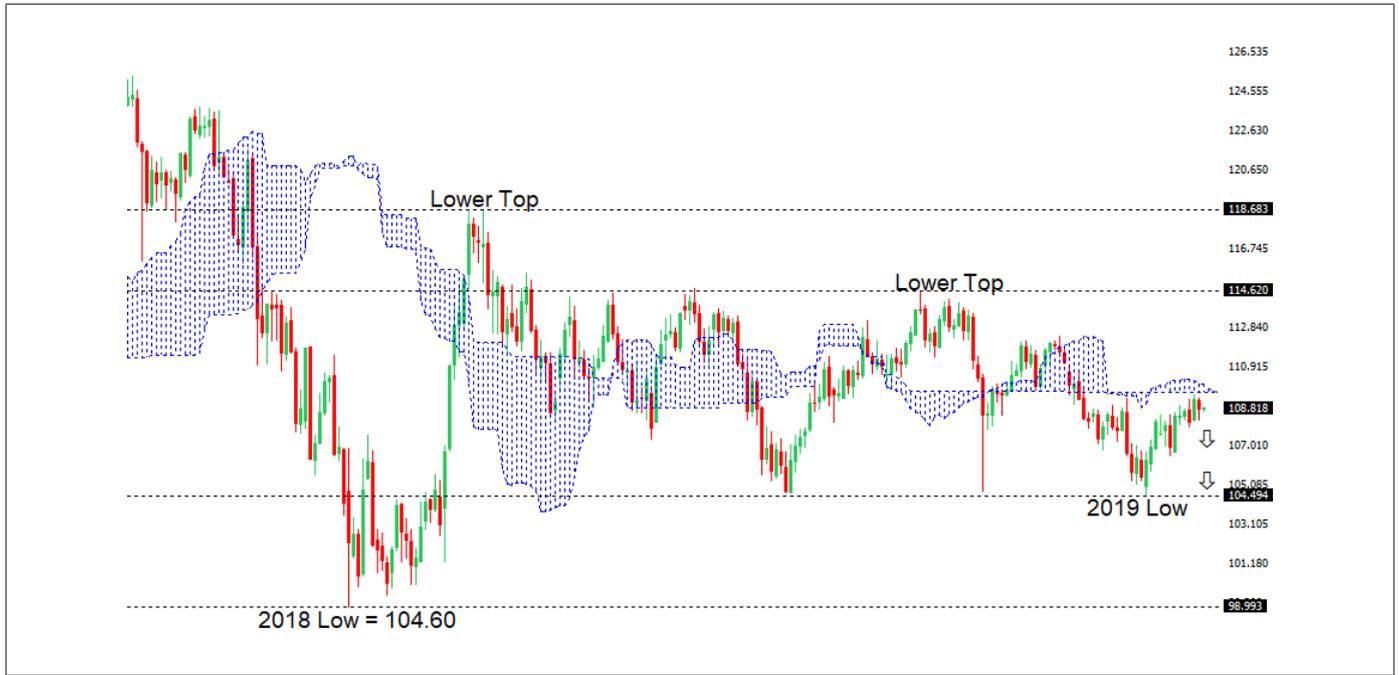
# GBPUSD - fundamental overview

The Pound has received added support into the new week, on the back of the weekend comments from Boris Johnson that every Tory election candidate has pledged to back his Brexit deal. The PM also added that the government would postpone corporate tax cuts in an effort to save GBP6 billion. Looking ahead, we get UK industrial trends orders, US housing starts and building permits, and a Fed Williams speech.

[Watch now](#)

# USDJPY - technical overview

The longer-term downtrend remains firmly intact, with the major pair recently taking out major support in the form of the 2018 and 2019 lows respectively. Rallies should continue to be well capped below 110.00 in favour of the next major downside extension towards the 2016 low at 99.00.



- **R2 110.00** - Psychological - Strong
- **R1 109.49** - 7 November high - Strong
- **S1 108.24** - 14 November low - Medium
- **S2 107.89** - 1 November low - Strong

# USDJPY - fundamental overview

Despite the ongoing run to record highs in US stocks, the major pair has been unable to extend its recent run, instead pulling back as offers from medium players emerge. On the domestic front, BOJ chief Kuroda offered up a deluge of uber-dovish comments, though not much reaction in the Yen, given how the comments were consistent with the BOJ's narrative. Looking ahead, we get US housing starts and building permits, and a Fed Williams speech.

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# EURCHF - technical overview

The market remains very well capped into offers and the medium-term picture continues to favour the downside. A break back above 1.1060 would be required to take the immediate pressure off the downside. Below 1.0800 exposes the 1.0600 area.



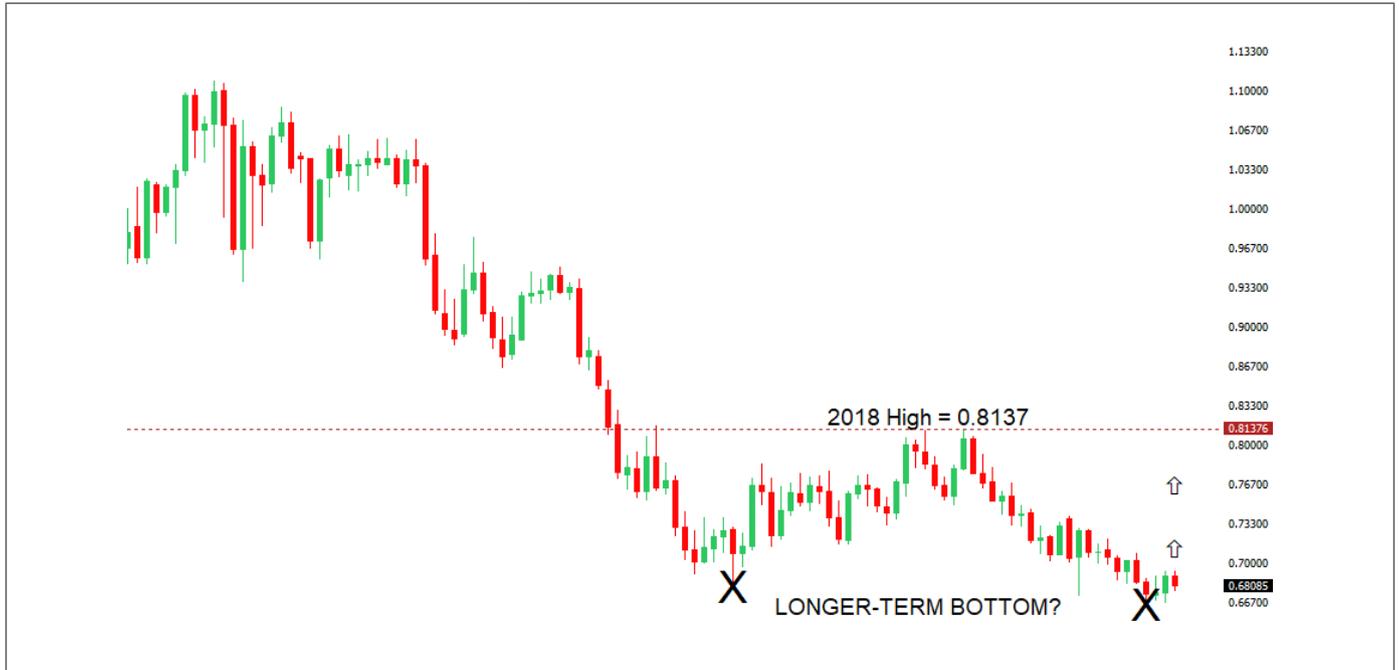
- **R2 1.1173** - 2 July high - Strong
- **R1 1.1060** - 17 October high - Medium
- **S1 1.0864** - 14 November low - Medium
- **S2 1.0811** - 4 September/2019 low - Strong

# EURCHF - fundamental overview

The SNB remains uncomfortable with Franc appreciation and continues to remind the market it will need to be careful about any attempts at trying to force an appreciation in the currency. But the SNB will also need to be careful right now, as its strategy to weaken the Franc is facing headwinds from a less certain global outlook. Any signs of sustained risk liquidation, will likely invite a very large wave of demand for the Franc that will put the SNB in the more challenging position of needing to back up its talk with action, that ultimately, may not prove to be as effective as it once was, given where we're at in the monetary policy cycle.

# AUDUSD - technical overview

The market has been under pressure over the past several months, but has also been well supported on dips. The price action suggests we could be seeing the formation of a major base, though it would take a clear break back above 0.7100 to strengthen this outlook. In the interim, look for setbacks to continue to be well supported above 0.6700 on a weekly close basis.



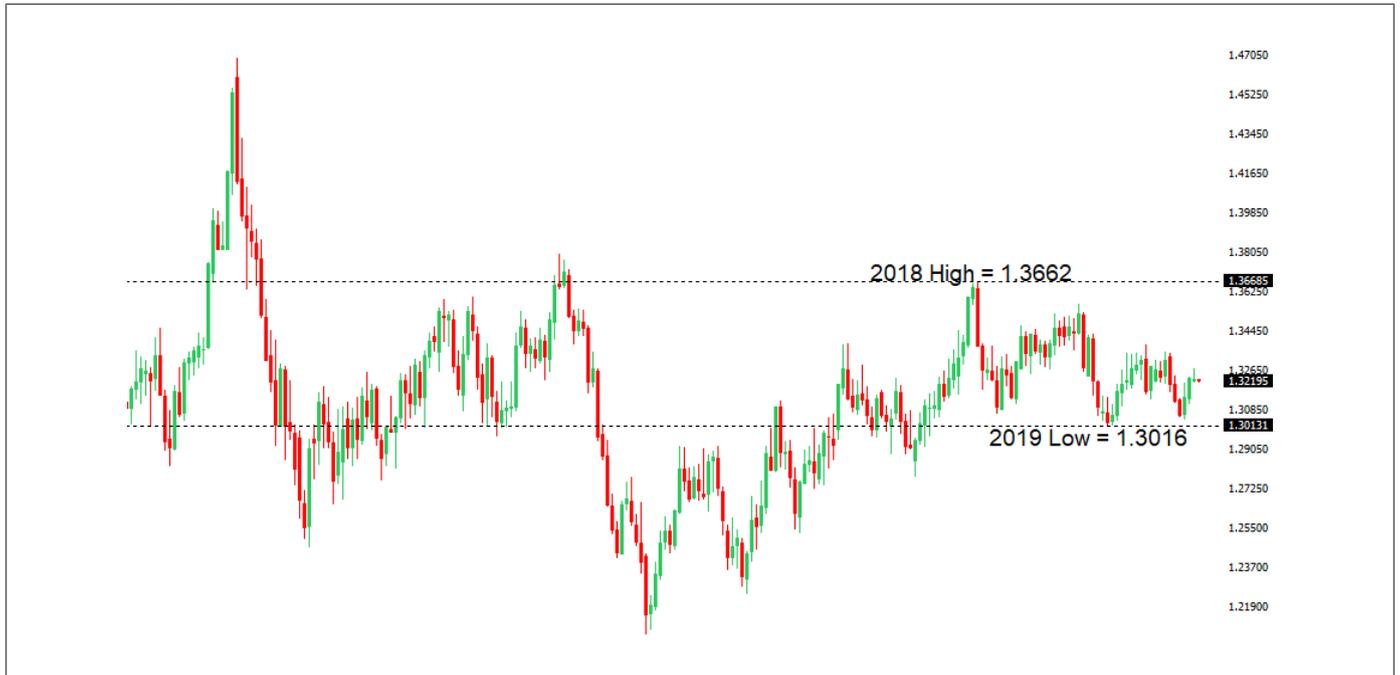
- **R2 0.6930** - 31 October high - Strong
- **R1 0.6842** - 14 November high - Strong
- **S1 0.6770** - 14 November low - Medium
- **S2 0.6710** - 10 October low - Strong

# AUDUSD - fundamental overview

**Aussie facing some headwinds into Tuesday** after the RBA Minutes came out and leaned a little more to the accommodative side. The Minutes revealed considerations of a cash rate cut, while striking more dovish chords as well. Looking ahead, we get US housing starts and building permits, and a Fed Williams speech.

## USDCAD - technical overview

The longer-term structure remains constructive, with dips expected to be well supported for renewed upside, eventually back above the 2018/multi-month high at 1.3665. At this point, only a weekly close below the psychological barrier at 1.3000 would compromise this outlook.



- **R2 1.3348** - 3 October high - Medium
- **R1 1.3271** - 14 November high - Medium
- **S1 1.3198** - 18 November low - Medium
- **S2 1.3160** - 7 November low - Strong

## USDCAD - fundamental overview

Interesting price action in the Canadian Dollar in the early week, with the Loonie holding up well and recovering, despite a healthy Monday decline in the price of OIL. It seems optimism around the trade outlook and record high US equities have been able to offset downside pressure from lower OIL. Looking ahead, we get Canada manufacturing sales, US housing starts and building permits, and a Fed Williams speech.

## NZDUSD - technical overview

**Despite recent weakness, there's a case to be made** for a meaningful bottom, with the market rallying out from longer-term cycle low area around 0.6200. As such, look for setbacks to be well supported in the days ahead, in anticipation of a continued recovery. Only a weekly close below 0.6200 would give reason for rethink. Back above 0.6451 will strengthen the outlook and take the immediate pressure off the downside.



- **R2 0.6466** - 4 November high - Strong
- **R1 0.6419** - 14 November high - Medium
- **S1 0.6322** - 8 November low - Medium
- **S2 0.6241** - 16 October low - Strong

## NZDUSD - fundamental overview

**Not much going on with Kiwi into Tuesday**, though we have seen some sell orders working through on the back of Aussie downside pressure post the more dovish read of the RBA Minutes. Looking ahead, we get US housing starts and building permits, the latest GDT auction results, and a Fed Williams speech.

## US SPX 500 - technical overview

There have been signs of a major longer term top, after an exceptional run over the past decade. Any rallies from here, are expected to be very well capped, in favour of renewed weakness targeting an eventual retest of strong longer-term previous resistance turned support in the form of the 2015 high at 2140. The initial level of major support comes in at 2854, with a break below to strengthen the outlook. A monthly close above 3100 would be required to compromise the outlook.



- **R2 3150** - Psychological - Strong
- **R1 3129** - 18 November/**Record high** - Medium
- **S1 2854** - 3 October low - Medium
- **S2 2777** - 6 August low - Strong

## US SPX 500 - fundamental overview

Although we've seen the market extending to fresh record highs in 2019, with so little room for additional central bank accommodation, given an already depressed interest rate environment, the prospect for a meaningful extension of this record run, on easy money policy incentives, should no longer be as enticing to investors as it once was. Meanwhile, tension on the global trade front should continue to be a drag on investor sentiment despite any signs that would suggest otherwise. We recommend keeping a much closer eye on the equities to ten year yield comparative going forward, as the movement here is something that could be a major stress to the financial markets looking out.

## GOLD (SPOT) - technical overview

The 2019 breakout above the 2016 high at 1375 was a significant development, and suggests the market is in the early stages of a bullish move that follows a multi-month consolidation. The next major level of resistance comes in around 1600, while in the interim, look for any setbacks to be well supported above 1400.



- **R2 1558** - 4 September/2019 high - Strong
- **R1 1536** - 24 September high - Medium
- **S1 1445** - 12 November low - Medium
- **S2 1400** - Psychological - 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 exhausted monetary policy, extended global equities, political uncertainty, systemic risk and trade war threats. 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.

## BTCUSD - technical overview

The market continues to consolidate in the aftermath of a major surge in the second quarter of 2019. However, any setbacks should be very well supported ahead of 7,000, with an higher low sought out in favour of a bullish continuation back above the 2019 high and towards the record high from late 2017 further up. Ultimately, only a weekly close below 7,000 would compromise the constructive outlook.



- **R2 10,468** - 26 October high - Strong
- **R1 9,612** - 4 November high - Medium
- **S1 8,000** - Psychological - Medium
- **S2 7,326** - 23 October low - Strong

## BTCUSD - fundamental overview

Bitcoin is going through a period of technical adjustment after the fierce Q2 run up, though we anticipate continued demand from institutional players starved for yield in a world where global equities are increasingly vulnerable. Plenty of demand is reported on dips down towards \$7,000.

## BTCUSD - Technical charts in detail

[Watch now](#)

## ETHUSD - technical overview

The market is in the process of a major correction after a surge in the second quarter of 2019. Look for setbacks to be well supported above of previous resistance turned support at 100 on a weekly close basis, in favour of the next major higher low and bullish resumption back towards and through the 2019 high up at 363. Ultimately, only a weekly close below 100 would compromise the outlook.



- **R2 225** - 19 September high - Strong
- **R1 200** - Psychological - Medium
- **S1 168** - 18 October low - Medium
- **S2 153** - 23 October low - Strong

## ETHUSD - fundamental overview

Profit taking in the aftermath of the rapid Q2 appreciation has triggered a healthy period of correction and consolidation, while critique of the space from the likes of President Trump and Fed Chair Powell, along with worry associated with fallout in the global economy, are stories that could continue to keep the more risk correlated crypto asset weighed down into the end of the year. Risk off in the global economy is expected to result in ETH underperformance relative to Bitcoin.



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