

Friday, April 19, 2019

📧 Get Global FX Insights via email - [click here](#)



# Global FX Insights

by LMAX Exchange Research & Analytics

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

## FX Ranges Intact into Holiday Thin Trade 🔊 [Wake-up call](#)

The US Dollar is trying to reestablish itself into the end of the week, with the Buck getting a nice boost from Thursday's stronger than expected US retail sales reading. Of course, Thursday's discouraging European manufacturing prints haven't hurt the Dollar either. Trading conditions will be thin on Friday due to the holiday weekend.

[audio mp3="https://lemeaex2.files.wordpress.com/2019/04/19aprillmaxaudio.mp3"][/audio]

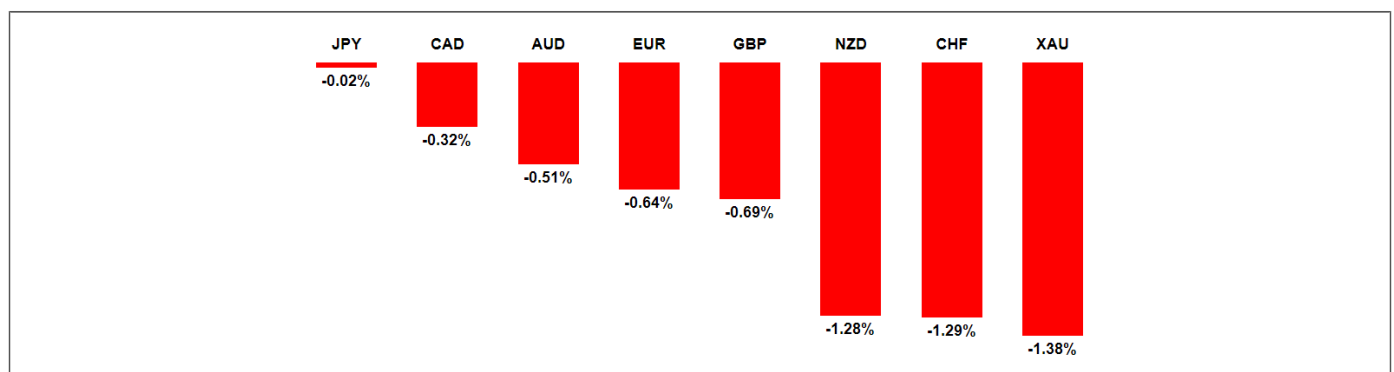
### Technical highlights 📺 [Daily Video](#)

- [EURUSD](#) Not as comfortable trading lower
- [GBPUSD](#) Thinking about bullish continuation
- [USDJPY](#) Risk for another topside failure
- [EURCHF](#) Up towards the range highs
- [AUDUSD](#) Signs of longer term basing
- [USDCAD](#) Confined to choppy trade
- [NZDUSD](#) Well supported on dips
- [US SPX 500](#) Rally expected to stall out
- [GOLD \(spot\)](#) Higher low for next push
- [BTCUSD](#) Room for run to ,000
- [ETHUSD](#) Holding up after bullish move

### Fundamental highlights

- [EURUSD](#) Eurozone retreats on weak manufacturing
- [GBPUSD](#) Pound setbacks mitigated by solid UK data
- [USDJPY](#) Risk correlations still playing a major role
- [EURCHF](#) SNB relieved with latest stock jump
- [AUDUSD](#) Aussie relents to broad USD demand
- [USDCAD](#) Loonie gets healthy readings of its own
- [NZDUSD](#) Kiwi lags on diverging data and policy
- [US SPX 500](#) Easter holiday means lighter trade
- [GOLD \(spot\)](#) Macro players still buying dips
- [BTCUSD](#) Bullish case building steam
- [ETHUSD](#) Starting to see real progress

## 5 Day Performance v. US dollar



## Suggested reading

- [Fed Will Have to Risk More in the Next Recession](#), N. Smith, **Bloomberg** (April 17, 2019)
- [Hard Truths for the Inflation Bugs](#), C. Roche, **Pragmatic Capitalism** (April 17, 2019)

## EURUSD - technical overview

The market has been confined to choppy trading conditions over the past several weeks. We are however coming off an intense round of setbacks since topping out at a +3 year high in 2018, with the drop taking the price back into an area that coincides with the 61.8% fib retrace off the 2017-2018 move, and a bullish breakout zone from 2017. This suggests additional setbacks could continue to be very well supported, with the greater risk from here, for the formation of a meaningful higher low, ahead of a push back to the topside. At this point, we will need to see setbacks holding up above 1.1100 on a weekly close basis, and a break back above the current 2019 high around 1.1570 to encourage this prospect.



- **R2 1.1449** - 20 March high - Strong
- **R1 1.1332**- 25 March low - Medium
- **S1 1.1215** - 8 April low - Medium
- **S2 1.1176** - 7 March/2019 low - Strong

## EURUSD - fundamental overview

The Euro was unable to establish above 1.1300 on the latest attempt, with the market coming back under pressure on Thursday after a discouraging round of manufacturing data out of Europe and impressive US retail sales. But overall, the Euro continues to hold up well into dips, despite a run of downbeat data and dovish policy talk out from the ECB. It seems the ECB's overly accommodative policy stance has already done a good job accounting for this, all while the Fed policy outlook remains less clear, leaving room for further accommodative adjustment on that side. Throw in tough talk on trade from a US administration designed to effectuate a weaker US Dollar, and Euro demand on dips becomes easier to reconcile. We highlight exceptionally low volatility in the Euro at the moment, warning of a big move ahead. After seeing such a big move to the downside of some 11% since mid-2018, it's also conceivable that the anticipated surge in volatility will coincide with a big move back to the topside. Markets will now thin out for the Easter weekend, with Friday's calendar exceptionally thin, and only US housing starts and building permits standing out as notable releases.

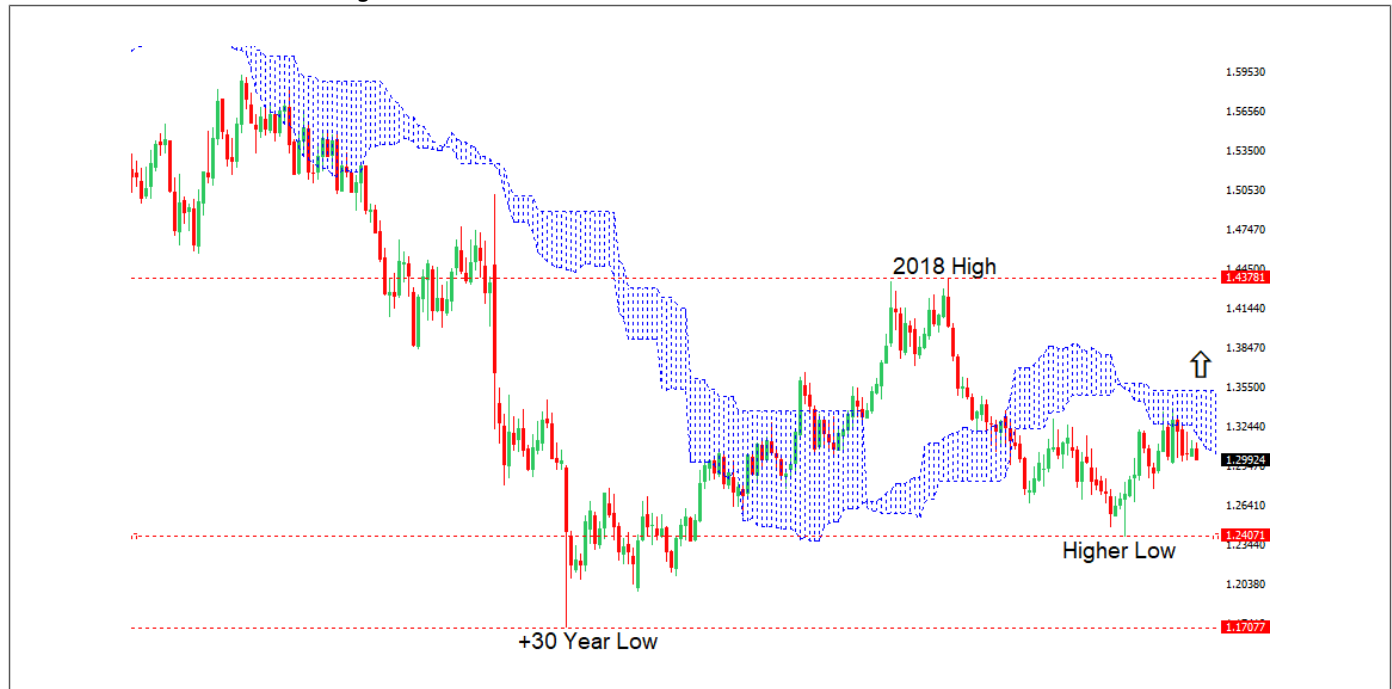
# EURUSD - Technical charts in detail

---

[Watch now](#)

## GBPUSD - technical overview

The major pair has put in an impressive recovery off the multi-month low in early January, helping to support the case for a longer-term developing uptrend off the 2016 low. Pullbacks are now viewed as corrective on the daily chart, with dips expected to be supported ahead of 1.2700. Look for a weekly close back above 1.3400 to strengthen the outlook.



- **R2 1.3197** - 3 April high - Strong
- **R1 1.3133** - 12 April high - Medium
- **S1 1.2978** - 29 March low - Medium
- **S2 1.2961** - 11 March low - Strong

## GBPUSD - fundamental overview

**Brexit remains in a perpetual state of wait and see**, after the UK was granted another six months to figure it out. But if anything has become clear throughout the saga, it's the fact that no one wants a disorderly Brexit outcome. This has been a significant fact for the market to process, as it has resulted in some outperformance in the Pound in 2019, as those worst case fears have been priced out. The Pound has come under pressure this week on the back of some broad US Dollar demand, with Thursday's US retail sales beat giving the Buck some added short term momentum. UK retail sales were also better than forecast on Thursday and helped to mitigate Sterling declines. Dealers report solid demand in below 1.3000. Markets will now thin out for the Easter weekend, with Friday's calendar exceptionally thin, and only US housing starts and building permits standing out as notable releases.

[Watch now](#)

## USDJPY - technical overview

The major pair has run into resistance in the 112 area, after an impressive run off the 2019 flash crash low. Look for this area to continue to cap rallies, setting the stage for the next major downside extension back towards that 2019 flash crash low, down in the 104.00s. Below 109.70 will strengthen the bearish outlook, while ultimately, only a daily close back above 112.15 would delay.



- **R2 112.86** - 18 December high - Strong
- **R1 112.17** - 17 March/2019 high - Medium
- **S1 110.85** - 10 April low - Medium
- **S2 109.71** - 25 March low - Strong

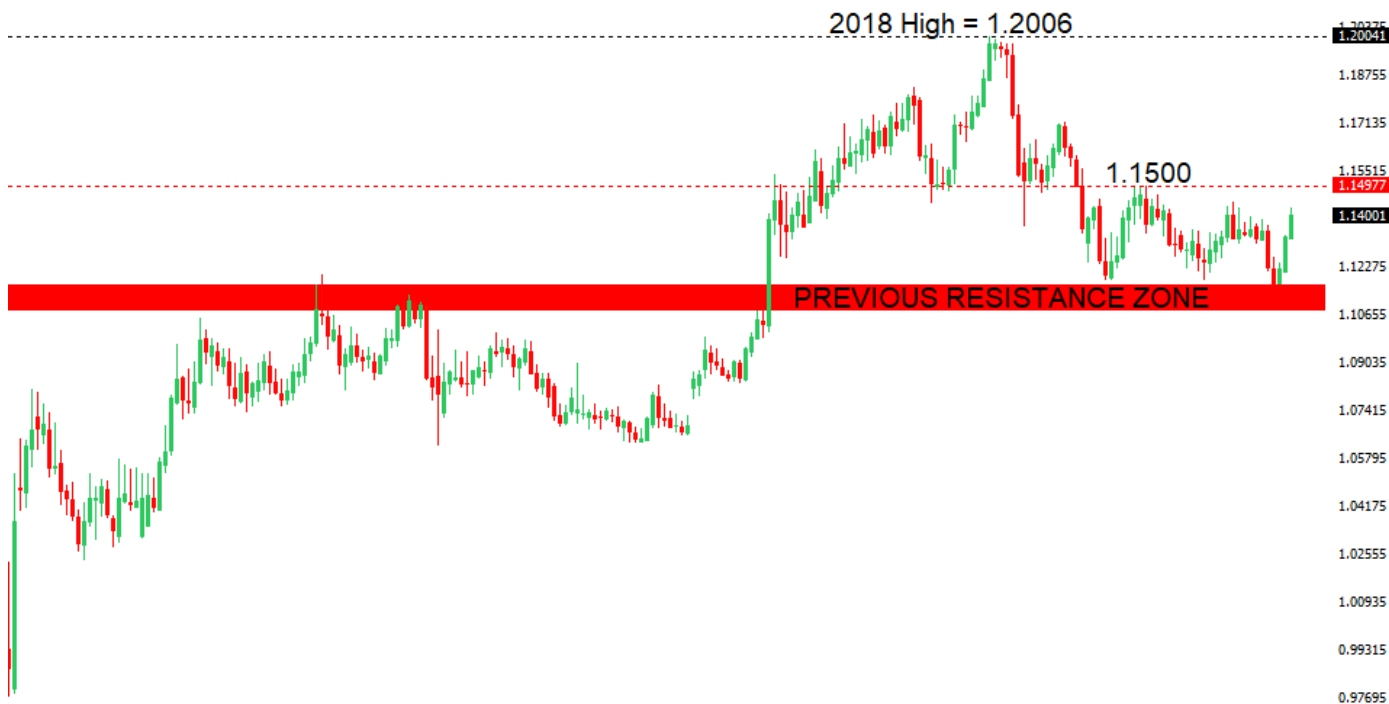
## USDJPY - fundamental overview

Overall, the major pair should continue to place a bigger focus on global risk sentiment and US Dollar yield differentials. Updates on the US trade policy front are expected to have a major influence as far as all of this goes as well, and the latest reports talk of a deal that could be reached between the US and China by the end of May. We've heard more dovish talk out from BOJ Kuroda this week, though the market isn't inclined to be moving on these types of comments. We have seen some selling in the major pair from medium term accounts, while a minor pullback in stocks has contributed to some renewed downside pressure. Markets will now thin out for the Easter weekend, with Friday's calendar exceptionally thin, and only US housing starts and building permits standing out as notable releases.

[Watch now](#)

# EURCHF - technical overview

A recent breakdown below 1.1200 was well supported, with the market holding up into what has proven to be a formidable base. At this stage, there is no clear trend, and it will take a sustained break back above 1.1500 or below 1.1200 for directional insight.



- **R2 1.1445** - 5 February/2019 high - Strong
- **R1 1.1423** - 17 April high - Medium
- **S1 1.1320** - 15 April low - Medium
- **S2 1.1163**- 29 March/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 in 2019, 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 very well supported since breaking down in early January to multi-year lows. The price action suggests we could be seeing the formation of a major base, though it would take a clear break back above 0.7400 to strengthen this outlook. Look for setbacks to continue to be well supported ahead of 0.7000.



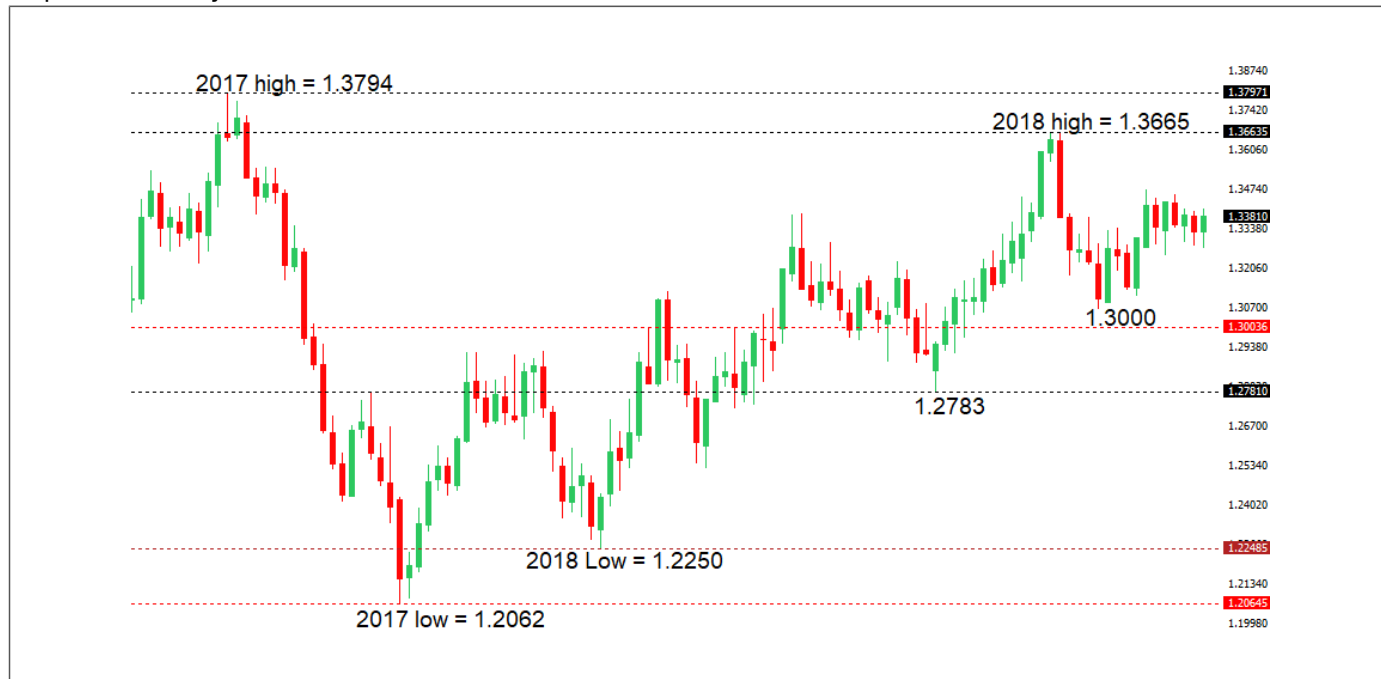
- **R2 0.7296** - 31 January/**2019 high** - Strong
- **R1 0.7207** - 21 February high - Medium
- **S1 0.7053** - 2 April low - Medium
- **S2 0.7004** - 8 March low - Strong

## AUDUSD - fundamental overview

The Australian Dollar has come under some pressure late in the week, with the currency falling victim to a wave of broad based US Dollar demand, helped along by an impressive US retail sales beat. At the same time, setbacks haven't been relatively mild, given impressive China data, Thursday's Aussie employment data beat and ongoing support for correlated US equities. Overall, Aussie has done a good job holding up into dips in 2019. Positive US-China trade talk updates have also served the commodity currency well, with recent reports optimistic about a deal by the end of May. Markets will now thin out for the Easter weekend, with Friday's calendar exceptionally thin, and only US housing starts and building permits standing out as notable releases.

## USDCAD - technical overview

**Overall, the structure remains constructive**, with dips expected to be well supported for fresh upside back above the 2018/multi-month high at 1.3665. Back below the psychological barrier at 1.3000 would be required to delay the outlook.



- **R2 1.3468** - 7 March/2019 high - Strong
- **R1 1.3404** - 5 April high - Medium
- **S1 1.3275** - 17 April low - Medium
- **S2 1.3251** - 19 March low - Strong

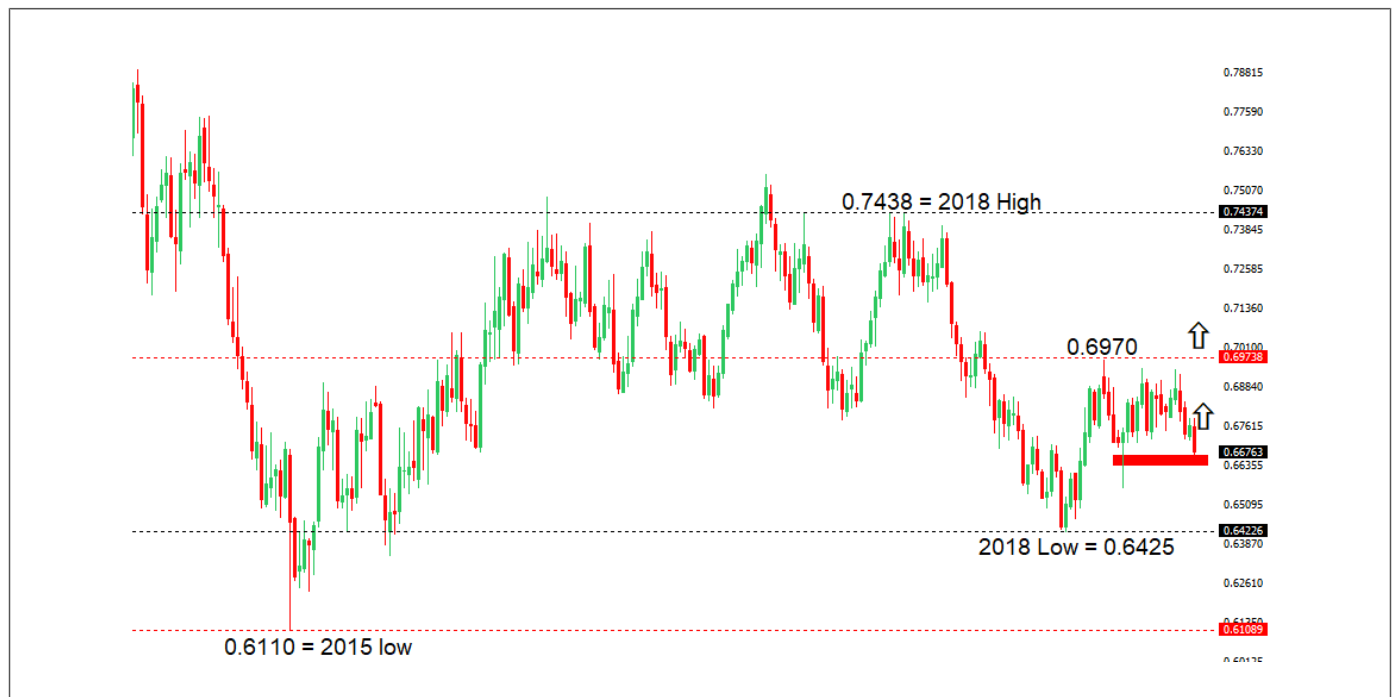
## USDCAD - fundamental overview

**The Canadian Dollar has seen a good amount of two way flow** over the past several days. On the one side, it's benefitted from rallying OIL, solid Canada growth data, this latest Canada retail sales beat, and a dovish shift in Fed policy. At the same time, the Loonie has been held up on ongoing uncertainty relating to US trade policy, and some other softer economic data components. Markets will now thin out for the Easter weekend, with Friday's calendar exceptionally thin, and only US housing starts and building permits standing out as notable releases.



## NZDUSD - technical overview

While the bigger picture outlook still shows the market in a downtrend, as per the weekly chart, there's a case to be made for a meaningful low in place at 0.6425. As such, look for setbacks to be well supported ahead of 0.6500 in anticipation of additional upside, with only a break back below 0.6500 to put the focus back on the multi-month low from October at 0.6425. A push through 0.7000 will strengthen the constructive outlook.



- **R2 0.6838** - 1 April high - Strong
- **R1 0.6783** - 15 April high - Medium
- **S1 0.6667** - 17 April low - Medium
- **S2 0.6653** - 2 January low - Strong

## NZDUSD - fundamental overview

Though the New Zealand Dollar has been underperforming of late, overall, it has done a good job holding up in 2019. Despite softer local data and a dovish shift in RBNZ policy, the commodity currency has managed to garner support, largely on the back of rallying global equities and the turnaround at the Fed. This week's GDT auction results were softer than previous, with the data series trending back down. This was also accompanied by RBNZ Governor Orr's comments that the easing bias remained in place, and a subsequent round of cooler Kiwi inflation readings. Meanwhile, the US Dollar gained broad support on Thursday after the market took in an impressive US retail sales print. Markets will now thin out for the Easter weekend, with Friday's calendar exceptionally thin, and only US housing starts and building permits standing out as notable releases.

## US SPX 500 - technical overview

There have been legitimate signs of a major longer term top, with deeper setbacks projected in the months ahead. Any rallies should now continue to be very well capped, in favour of renewed weakness that targets an eventual retest of strong longer-term resistance turned support in the form of the 2015 high at 2140. The projection is based off a measured move extension derived from the previous 2018 low from February to the record high move. Key support comes in at 2722, with a break to strengthen the outlook. A break back above the record high from late 2018 would be required to delay the outlook.



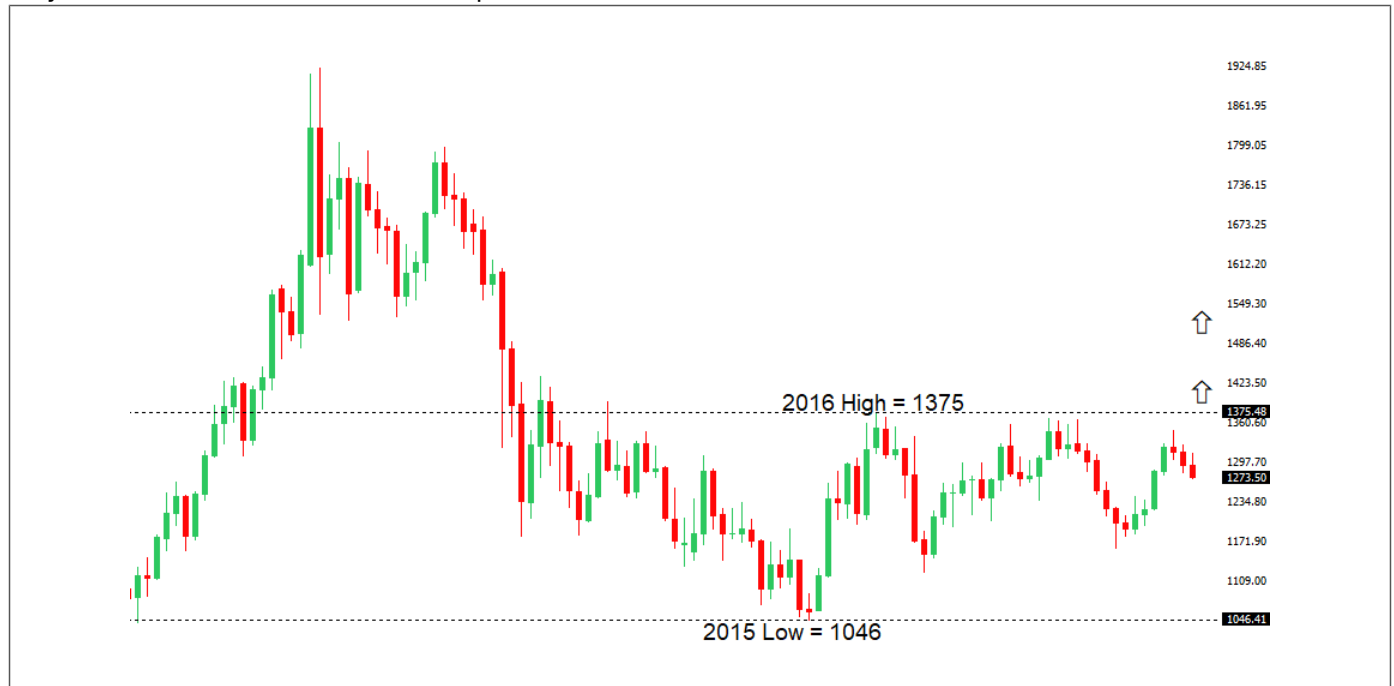
- **R2 2943** - Record high/2018 - Very Strong
- **R1 2922** - 17 April/2019 high - Strong
- **S1 2875** - 9 April low - Medium
- **S2 2786** - 25 March low - Strong

## US SPX 500 - fundamental overview

Although we've seen attempts to push the market higher in 2019, with the Fed's more cautious outlook keeping the market propped up, exhausted monetary policy tools post 2008 crisis suggest the prospect for fresh record highs at this point in the cycle are not realistic. 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

There are signs that we could be seeing the formation of a more significant medium to longer-term structural shift that would be confirmed if a recovery out from sub-1200 levels can extend back through big resistance in the form of the 2016 high at 1375. In the interim, look for setbacks to be well supported, with only a close back below 1250 to compromise the constructive outlook.



- **R2 1325**- 25 March high - Strong
- **R1 1311** - 10 April high - Medium
- **S1 1250** -Psychological - Medium
- **S2 1233** - 14 December 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 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

**Bitcoin has broken out to the topside**, after trading in a range since Q4 2018. The break takes the immediate pressure off the downside and opens the door for a continuation of gains back into a critical previous support turned resistance zone in the \$6,000 area. Look for setbacks to now be well supported ahead of \$3,500.



- **R2 5,740** - 18 November high - Strong
- **R1 5482** - 10 April/2019 high - Medium
- **S1 4,820** - 3 April low - Medium
- **S2 4,280** - Previous range high - Strong

## BTCUSD - fundamental overview

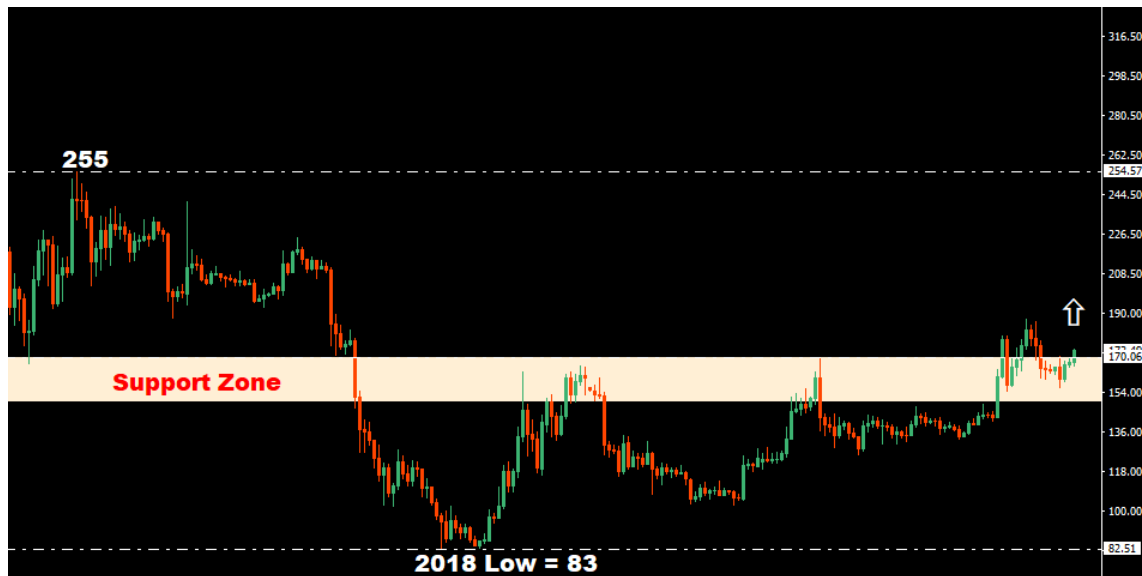
**Bitcoin has finally broken back to the topside**, above a consolidation high from back in December, to suggest it could be thinking about turning back up again in a more meaningful way. At a time when central banks have exhausted themselves with the unprecedented printing of money to keep sentiment running high and the global economy afloat, over a decade after the crisis of 2008, it would seem, a peer to peer decentralized currency, with limited supply, and an attractive technology that it rests on, could be a compelling alternative option.

## BTCUSD - Technical charts in detail

[Watch now](#)

## ETHUSD - technical overview

A recent push back above \$170 takes the immediate pressure off the downside and opens the door for an upside extension towards the next critical level of resistance at \$255. Look for setbacks to now be well supported ahead of \$125, with only a break back below this level to compromise the outlook.



- **R2 200** - Psychological - Strong
- **R1 188** - 8 April/2019 high - Medium
- **S1 155** - 4 April low - Strong
- **S2 126** - 4 March low - Strong

## ETHUSD - fundamental overview

**Ongoing regulatory challenges and technological obstacles** are some of those headwinds that are being fleshed out into 2019. Meanwhile, fear of broad based risk liquidation in global financial markets now that the monetary policy accommodation well has dried up, is yet another worry for the more risk correlated Ether. At the same time, longer term prospects are looking quite bright and valuations are increasingly attractive with adoption showing signs of ramping up over the longer term.



Any opinions, news, research, analyses, prices or other information ("information") contained on this document, constitutes marketing communication and it has not been prepared in accordance with legal requirements designed to promote the independence of investment research. Further, the information contained within this Blog does not contain (and should not be construed as containing) investment advice or an investment recommendation, or an offer of, or solicitation for, a transaction in any financial instrument. LMAX Exchange has not verified the accuracy or basis-in-fact of any claim or statement made by any third parties as comments for every Blog entry.

LMAX Exchange will not accept liability for any loss or damage, including without limitation to, any loss of profit, which may arise directly or indirectly from use of or reliance on such information. No representation or warranty is given as to the accuracy or completeness of the above information. While the produced information was obtained from sources deemed to be reliable, LMAX Exchange does not provide any guarantees about the reliability of such sources. Consequently any person acting on it does so entirely at his or her own risk. It is not a place to slander, use unacceptable language or to promote LMAX Exchange or any other FX, Spread Betting and CFD provider and any such postings, excessive or unjust comments and attacks will not be allowed and will be removed from the site immediately.

LMAX Exchange will clearly identify and mark any content it publishes or that is approved by LMAX Exchange.

FX and CFDs are leveraged products that can result in losses exceeding your deposit. They are not suitable for everyone so please ensure you fully understand the risks involved. The information on this website is not directed at residents of the United States of America, Australia (we will only deal with Australian clients who are "wholesale clients" as defined under the Corporations Act 2001), Canada (although we may deal with Canadian residents who meet the "Permitted Client" criteria), Singapore or any other jurisdiction where FX trading and/or CFD trading is restricted or prohibited by local laws or regulations.