

Global FX Insights

by LMAX Exchange Research & Analytics

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

Commodity currencies moving, Bitcoin skyrockets 🔊 [Wake-up call](#)

A decent amount of activity in the commodity currencies early Monday. The RBA was out with its latest policy decision and followed in the line of the other major central bank decisions before it, adjusting the policy outlook to the accommodative side. Soft New Zealand data. US durable goods later today.

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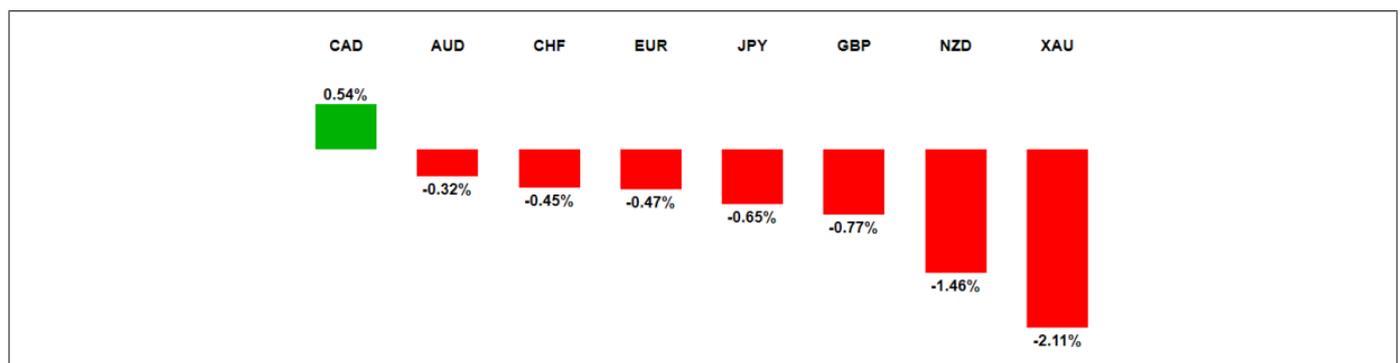
Technical highlights 📺 [Daily Video](#)

- [EURUSD](#) Still in well defined range
- [GBPUSD](#) Supported into dips
- [USDJPY](#) Slowly rolling over
- [EURCHF](#) Below 1.1200 risks deeper drop
- [AUDUSD](#) Strong support around barrier
- [USDCAD](#) Structure invites support on dips
- [NZDUSD](#) Looks to be carving a base
- [US SPX 500](#) Another big decline ahead
- [GOLD \(spot\)](#) Poised for test of 2016 high
- [BTCUSD](#) Stuck in sideways action
- [ETHUSD](#) Confined to downtrend

Fundamental highlights

- [EURUSD](#) Eurozone producer prices digested
- [GBPUSD](#) Plan Bs rejected, UK construction PMIs
- [USDJPY](#) Yen eases as US equities extend run
- [EURCHF](#) SNB policy strategy stress
- [AUDUSD](#) RBA shifts policy back to neutral
- [USDCAD](#) OIL run helps Loonie outperform
- [NZDUSD](#) Kiwi hit on soft business confidence
- [US SPX 500](#) Investors look to US durable goods
- [GOLD \(spot\)](#) Macro players still buying dips
- [BTCUSD](#) Bullish case building steam
- [ETHUSD](#) Starting to see real progress

Performance v. US dollar this week



Suggested reading

- [What Last Week Told Us About the Market](#), M. El-Erian, **Bloomberg** (April 1, 2019)
- [How Bad Can it Get for the S&P 500](#), B. Livingston, **Market Watch** (March 31, 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 roughly coincides with a bullish breakout zone from 2017. This suggests that 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 a break back above the current 2019 high around 1.1570 to encourage this prospect.



- **R2 1.1449** - 20Mar high - Strong
- **R1 1.1332**- 25Mar low - Medium
- **S1 1.1200** - Figure - Medium
- **S2 1.1176** - 7Mar/2019 low - Strong

EURUSD - fundamental overview

The Euro trades back down into multi-month low territory after a discouraging round of Monday data in the form of German and Eurozone manufacturing PMIs and softer Eurozone inflation reads. Still, when considering the slump in economic data, the single currency has actually held up quite well. Looking ahead, updates on the Brexit front will be watched, US-China trade talk headlines will be monitored and Eurozone producer prices and US durable goods will be digested.

EURUSD - Technical charts in detail

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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 1.3270**- 27Mar high - Strong
- **R1 1.3212** - 28Mar high - Medium
- **S1 1.2978** - 29Mar low - Medium
- **S2 1.2960** - 11Mar low - Strong

GBPUSD - fundamental overview

The Pound took a hit late Monday but has stabilized into Tuesday after the setback from the news of the House of Commons rejecting all 4 Brexit Plan Bs. The market is jittery as we head closer to the new April 12th deadline, but we suspect things will be sorted yet again ahead of the fated date, with a deal to be figured out, or what is probably the more likely scenario of a more lengthy delay being granted. Looking at the calendar, it will be about Brexit updates, UK construction PMIs and US durable goods.

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USDJPY - technical overview

The major pair has stalled out after an impressive run up from the 2019 low. Look for this topside failure to set the stage for the next major downside extension back towards the 2019 flash crash low down in the 104.00s. The recent break back below 110.00 strengthens the bearish outlook. Ultimately, only back above 112.15 delays the bearish outlook.



- **R2 112.14** - 5Mar high - Strong
- **R1 111.46** - 2Apr high - Medium
- **S1 109.71** - 25Mar low - Medium
- **S2 109.44** - 4Feb 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 on direction as a consequence, and the Yen has been sold off late on some positive headlines. We've also seen Yen offers from better than expected China PMIs and the ongoing bid in US equities. Looking at the calendar for the remainder of the day, the focus will be on US durable goods. Of course, risk sentiment will continue to be a major driver.

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EURCHF - technical overview

The market has broken down below an important consolidation base, opening the door for the possibility of the start to an intensified wave of bearish momentum back down towards the 1.0600 area. At this stage, it will be important to see how the market responds to trading below 1.1200, with any quick recovery above to put the market back into this medium-term consolidation.



- **R2 1.1394** - 27Feb high - Strong
- **R1 1.1299** - 22Mar high - Medium
- **S1 1.1163** - 29Mar/2019 low - Strong
- **S2 1.1130**- May 2016 high - 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 0.7207** - 21Feb high - Strong
- **R1 0.7169** - 21Mar high - Medium
- **S1 0.7057** - 20Mar low - Medium
- **S2 0.7004** - 8Mar low - Strong

AUDUSD - fundamental overview

A decent amount of activity in the commodity currencies early Monday. The RBA was out with its latest policy decision and followed in the line of the other major central bank decisions before it, adjusting the policy outlook to the accommodative side. Still, unlike the RBNZ, the RBA stopped short of calling for that next move to be a rate cut and was actually more balanced in its outlook than anything else. Looking ahead, Aussie will monitor risk sentiment and take in US durable goods.

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 1.3500** - Psychological - Strong
- **R1 1.3468** - 7Mar/2019 high - Medium
- **S1 1.3342** - 29Mar low - Medium
- **S2 1.3251** - 19Mar low - Strong

USDCAD - fundamental overview

Canada's better than expected GDP print and another push in the price of OIL, have helped to drive relative outperformance in the Canadian Dollar over the past week. However, the Loonie will still be worried about how things play out with US trade policy and the global risk outlook, which is expected to keep the currency from wanting to sustain any meaningful rallies. Monday's Canada manufacturing came in softer than expected but hasn't factored all that much into price action. Looking ahead, US durable goods is the main standout on the Tuesday calendar.

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 0.6942** - 1Feb/2019 high - Strong
- **R1 0.6900** - Figure - Medium
- **S1 0.6771** - 2Apr low - Medium
- **S2 0.6745** - 7Mar low - Strong

NZDUSD - fundamental overview

Last week's downgraded RBNZ assessment was backed up today, with the release of a discouraging business confidence reading that could trigger a drop in New Zealand's H1GDP below 2%. The New Zealand Dollar has done a good job holding up in the face of all of this, with the currency broadly supported in 2019 on rallying global equities and the dovish shift in Fed policy. Looking ahead, Tuesday's calendar features the GDT auction and US durable goods.

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. Next key support comes in at 2722, with a break to strengthen the outlook.



- **R2 2900** - Psychological - Strong
- **R1 2863** - 21Mar/2019 high - Strong
- **S1 2765** - 21Feb low - Medium
- **S2 2722** - 8Feb 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 this latest recovery can extend back through big resistance in the form of the 2016 high at 1375. Look for setbacks to be well supported, with only a close back below 1250 to compromise the constructive outlook.



- **R2 1347** - 20Feb/2019 high - Strong
- **R1 1321** - 21Mar high - Medium
- **S1 1287** - 29Mar low - Medium
- **S2 1277** - 4Jan/2019 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

At this stage, any upside moves are classified as corrective ahead of what could be the next downside extension and bearish continuation. It would take a break back above the December high at 4385 to take the immediate pressure off the downside. Next critical support comes in the form of the July and September 2017 lows, around 2,000 and 2,975 respectively.



- **R2 4,278** - 24Feb/2019 high - Strong
- **R1 4,153** - 16Mar high - Strong
- **S1 3,763**- 4Mar low - Strong
- **S2 3,570** - 13Feb low - Strong

BTCUSD - fundamental overview

Bitcoin has rocketed higher, to clear some major levels, breaking back 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

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ETHUSD - technical overview

Recovery rally attempts have stalled out into a meaningful previous support zone, to keep the pressure on the downside, with risk for a bearish continuation below 100, towards the next critical support zone in the 50-75 area. At this point, it would take a sustained break back above 170 to take the immediate pressure off the downside.



- **R2 170** - 24Feb/2019 high - Strong
- **R1 156** - 2Apr high - Strong
- **S1 126** - 4Mar low - Strong
- **S2 102** - 6Feb 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.

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