

Monday, June 24, 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

Messages from the Yellow Metal [Wake-up call](#)

We come into the new week with the US Dollar under renewed pressure on the back of upgraded dovishness from the Federal Reserve and ongoing soft Dollar policy moves out from the US administration. But we also come into the new week with another important development needing to be contemplated.

[audio mp3="https://lemeaex2.files.wordpress.com/2019/06/24junelmaxaudio.mp3"]

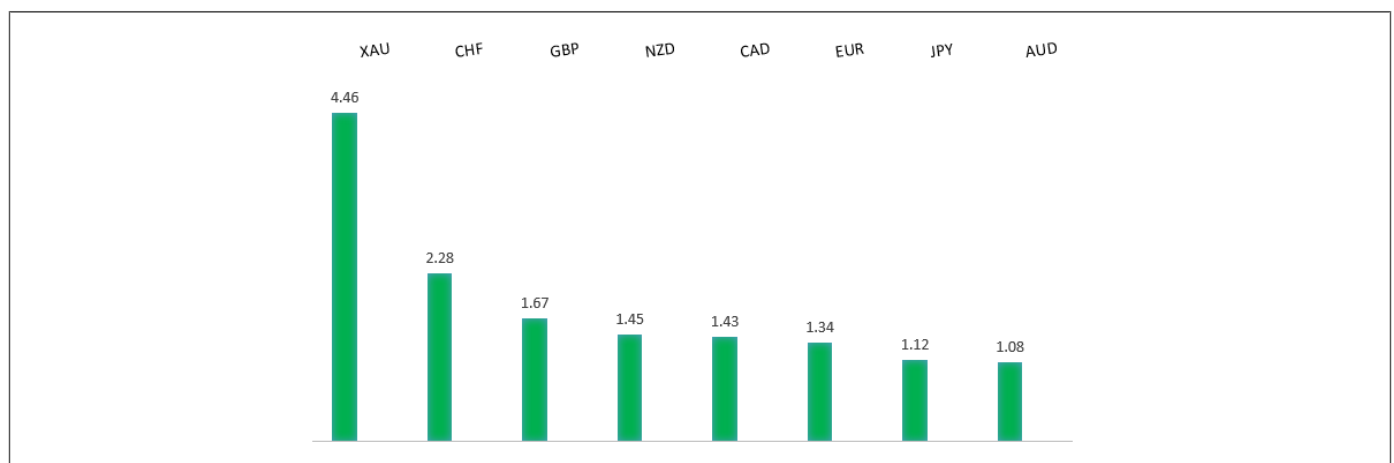
Technical highlights [Daily Video](#)

- [EURUSD](#) Signs of major trend reversal
- [GBPUSD](#) Risk for bullish breakout
- [USDJPY](#) Gravitating to 2018/19 lows
- [EURCHF](#) Room for additional downside
- [AUDUSD](#) Signs of longer term basing
- [USDCAD](#) Stuck in choppy consolidation
- [NZDUSD](#) Possible double bottom on daily
- [US SPX 500](#) Record run looking exhausted
- [GOLD](#) (spot) Finally clears massive barrier
- [BTCUSD](#) Extends 2019 run but overbought
- [ETHUSD](#) Upside should be limited for now

Fundamental highlights

- [EURUSD](#) German IFO readings due Monday
- [GBPUSD](#) UK Tory leadership race down to two
- [USDJPY](#) Warnings from top currency official
- [EURCHF](#) SNB's job a lot harder in 2019
- [AUDUSD](#) Aussie PMIs show improvement
- [USDCAD](#) Loonie hit on soft Canada retail sales
- [NZDUSD](#) Kiwi looking ahead to RBNZ decision
- [US SPX 500](#) Investor risk appetite not as strong
- [GOLD](#) (spot) Macro players buying in size
- [BTCUSD](#) Crypto adoption gaining momentum
- [ETHUSD](#) Ether still needs to worry about risk off

5 Day Performance v. US dollar



Suggested reading

- [Bitcoin Rally More Than Zuckerberg](#), L. Laurent, **Bloomberg** (June 23, 2019)
- [Charts That Count](#), B. Fox, **Financial Times** (June 19, 2019)

EURUSD - technical overview

The major pair has extended its run of declines off the 2008 high, trading down to a fresh multi-month low in May. But with the downtrend looking exhausted, the prospect for a meaningful higher low is more compelling, with a higher low sought out above the multi-year low from 2017, ahead of the next major upside extension. Only a weekly close back below the psychological barrier at 1.1000 would compromise this outlook. Back above 1.1450 will strengthen the view.



- **R2 1.1448** - 20 March high - Strong
- **R1 1.1400** - Figure - Medium
- **S1 1.1283** - 21 June low - Medium
- **S2 1.1181** - 18 June low - Strong

EURUSD - fundamental overview

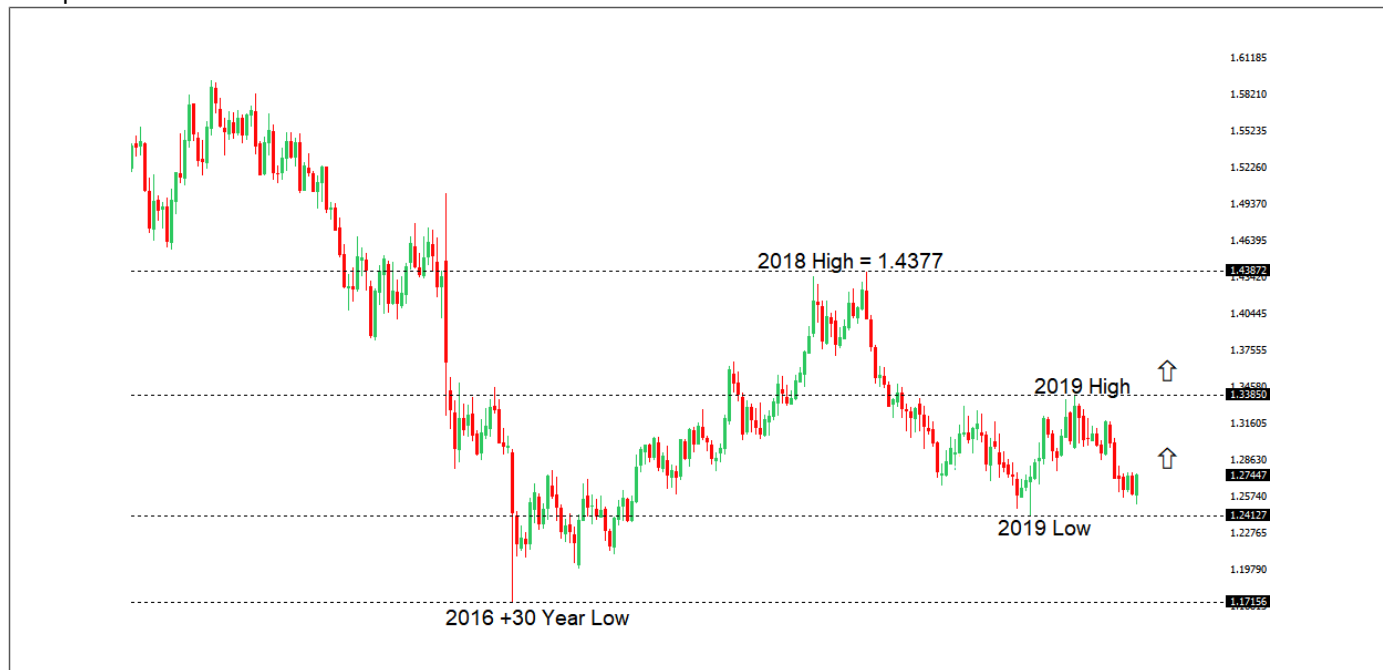
Despite ongoing concerns with the Eurozone outlook, the single currency has managed to find a good deal of support in recent weeks, with the market more focused on USD bearish drivers. For the moment, the combination of a more dovish Fed and ramped up US protectionist trade policy, are the key market drivers, both of which are US Dollar bearish. Looking at the Monday calendar, key standouts come in the form of German IFO readings, an ECB Lautenschlager speech and Dallas Fed manufacturing.

EURUSD - Technical charts in detail

[Watch now](#)

GBPUSD - technical overview

The major has been well supported ahead of the 2019 low, helping to strengthen the case for a major base. Look for the market to start making its way back towards 1.3000, with a break above the psychological barrier to expose a retest of the 2019 high up at 1.3380. Only back below 1.2500 would compromise the constructive outlook.



- **R2 1.2814**- 21 May high - Medium
- **R1 1.2764** - 7 June high - Strong
- **S1 1.2637** - 20 June low - Medium
- **S2 1.2507** - 18 June low - Strong

GBPUSD - fundamental overview

Now that the final two candidates for the Tory leadership race have been decided, the Pound is feeling a little better, with less uncertainty in the air as it relates to the Brexit outlook. Meanwhile, the combination of a more dovish leaning Federal Reserve and US administration continuing to press forward with soft Dollar trade policy, is a combination that has started to play a more active role in shaping a more constructive outlook for the Pound. Looking ahead, Monday's calendar is exceptionally thin, with only Dallas Fed manufacturing standing out.

[Watch now](#)

USDJPY - technical overview

The longer-term downtrend remains firmly intact, with the major pair gravitating back towards a retest of major support in the form of the 2018 and 2019 lows respectively, down in the 104s. Any rallies should now be well capped below 110.00, though only a break back above the yearly high at 112.40 would compromise the bearish outlook.



- **R2 108.80** - 11 June high - Strong
- **R1 108.15** - 20 June high - Medium
- **S1 107.05** - 21 June low - Medium
- **S2 106.00** - Figure - Strong

USDJPY - fundamental overview

Japan's top currency official was on the wires at the end of last week expressing concern about the recent appreciation in the Yen, while warning Japan would take appropriate action if needed. The major pair has dropped to a 5.5 month low and has been pressured to the downside on the back of a wave of broad based US Dollar selling from the more dovish Fed and ramped up soft Dollar US trade policy. Interestingly enough, the Yen has even been strong in the face of another record run in US equities, and if stocks stall out and roll over, it could invite even more demand for the Yen. Looking at the Monday calendar, Dallas Fed manufacturing is the only notable standout.

[Watch now](#)

EURCHF - technical overview

The latest breakdown below critical range support in the 1.1200 area, has opened the door for an acceleration of declines that targets a move back towards initial support in the form of the 1.1000 psychological barrier. The market is trading at its lowest levels in nearly two years and at this point, it would take a daily close back above 1.1279 to take the immediate pressure off the downside.



- **R2 1.1279** - 28 May high - Strong
- **R1 1.1265** - 12 June high - Medium
- **S1 1.1057** - 20 June/2019 low - Medium
- **S2 1.1000** - Psychological - 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 very well supported on dips 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 0.7023 to strengthen this outlook. In the interim, look for setbacks to continue to be well supported ahead of 0.6800.



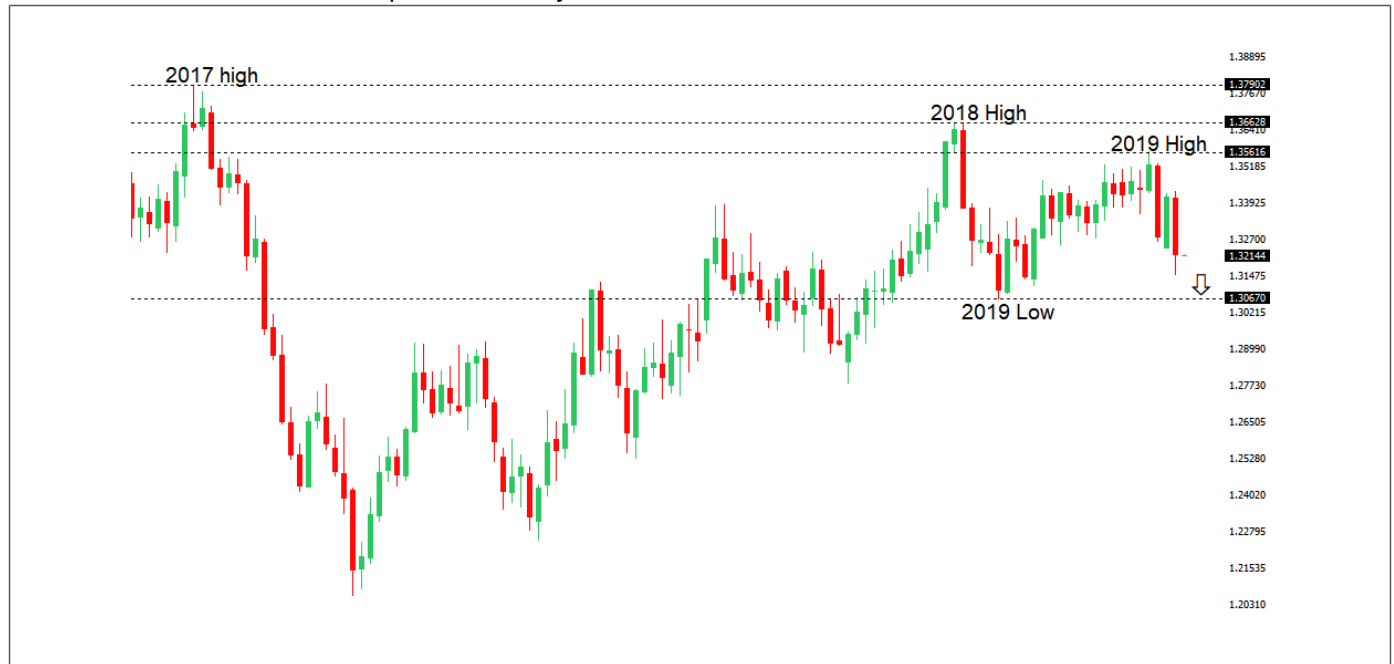
- **R2 0.7023** - 7 June high - Strong
- **R1 0.7000** - Psychological - Medium
- **S1 0.6879** - 20 June low - Medium
- **S2 0.6832** - 18 June low - Strong

AUDUSD - fundamental overview

The Australian Dollar has done a good job holding up on dips, with medium and longer-term players more inclined to be buying the commodity currency against the Buck, in light of a more dovish Fed policy outlook and soft Dollar policy out from the US administration. This latest batch of improved Aussie PMI readings, have also helped to support Aussie. The market will now digest the latest from RBA Lowe, while taking in Dallas Fed manufacturing later in the day.

USDCAD - technical overview

Despite breaking to a fresh yearly high in May, overall, the market remains confined to choppy consolidation. However, the longer-term 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 1.3433**- 18 June high - Strong
- **R1 1.3287** - 20 June high - Medium
- **S1 1.3151** - 20 June low - Medium
- **S2 1.3113** - 25 February low - Strong

USDCAD - fundamental overview

The Canadian Dollar took a hit in Friday trade after Canada retail sales came in softer than expected. Still, it's been more about US Dollar weakness of late, in the face of a dovish shift in the Fed outlook and ongoing soft Dollar trade policy efforts from the US administration. Meanwhile, the price of OIL is back on the mend, which has done a good job offsetting Loonie bearishness from the softer Canada retail sales. Looking ahead, Dallas Fed manufacturing is the only notable standout.

NZDUSD - technical overview

Despite recent weakness, there's a case to be made for a meaningful low in place at 0.6425 (2018 low). As such, look for setbacks to be well supported above the latter, in anticipation of renewed upside, with only a close below to compromise the outlook. A push back above 0.6682 will trigger a double bottom and strengthen the bullish outlook.



- R2 0.6682 - 7 June high - Strong
- R1 0.6612 - 11 June high - Medium
- S1 0.6535 - 20 June low - Medium
- S2 0.6482 - 23 May/2019 low - Strong

NZDUSD - fundamental overview

The New Zealand Dollar has done a good job holding up on dips, with medium and longer-term players more inclined to be buying the commodity currency against the Buck, in light of a more dovish Fed policy outlook and soft Dollar policy out from the US administration. Later this week, we get an RBNZ policy decision. The central bank is expected to retain a dovish tone, but is also expected to hold off on moving forward with another rate cut. As far as today's calendar goes, Dallas Fed manufacturing is the only notable standout.

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 2729, with a break below to strengthen the outlook. A sustained move above 3000 would be required to delay.



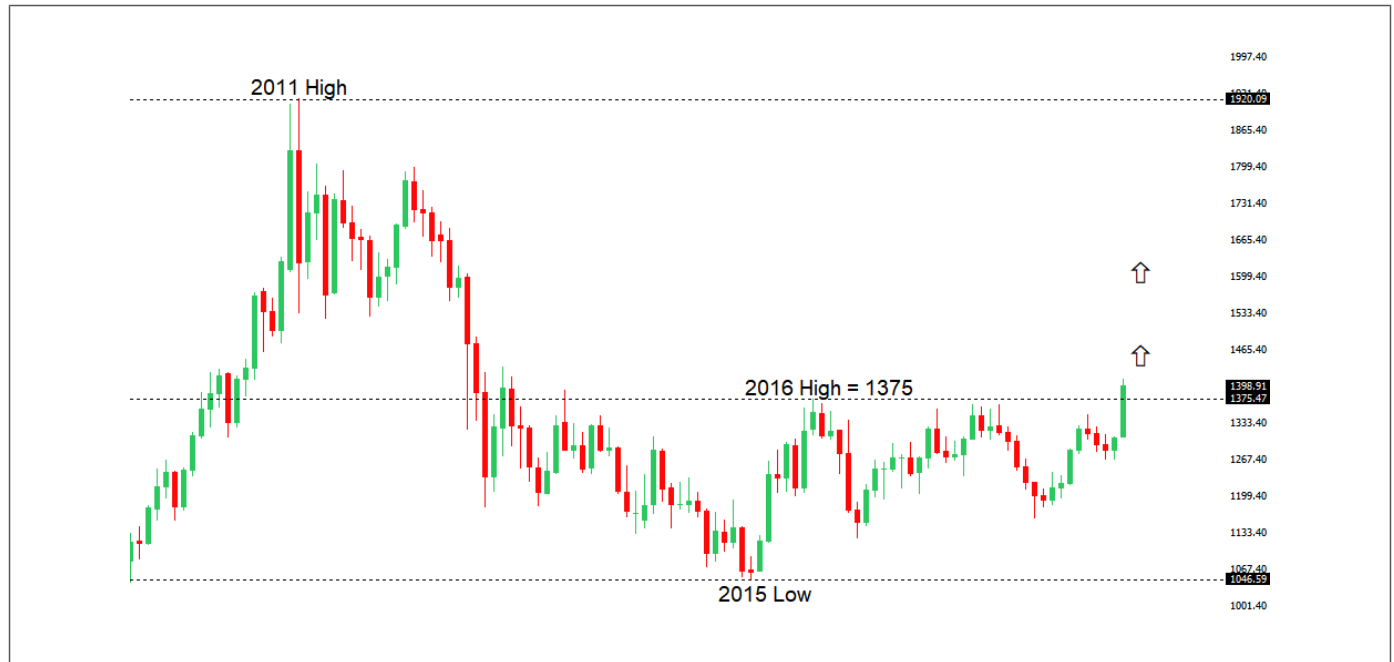
- **R2 3000** - Psychological - Strong
- **R1 2965** - 21 June/**Record high** - Medium
- **S1 2867** - 13 June low - Medium
- **S2 2729** - 3 June low - Strong

US SPX 500 - fundamental overview

Although we've seen the market extend to another record high in 2019, exhausted monetary policy tools post 2008 crisis suggest the prospect for a meaningful extension of this record run at this point in the cycle is not realistic. Meanwhile, expected renewed tension on the global trade front, should continue to be a drag on investor sentiment. 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 latest push back above the 2016 high at 1375 is a significant development, as it suggests the market is in the process of a bullish breakout after a multi-month consolidation. The next major level of resistance comes in around 1500, while in the interim, look for any setbacks to be well supported above 1300.



- **R2 1488** - May 2013 high - Strong
- **R1 1434** - August 2013 high - Strong
- **S1 1358** - 20 June low - Medium
- **S2 1320** - 11 June 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

The market has enjoyed a nice run since breaking out above a consolidation between Q4 2018 and Q1 2019, though the rally has resulted in extended technical readings after racing through 10k psychological barrier. Overall, look for additional upside to be limited for now, to allow for these technical readings to unwind from stretched readings, before the market considers that next meaningful push. Setbacks should ideally be supported ahead of 7,000.



- **R2 11,767**- 21 February 2018 high - Strong
- **R1 11,356** - 23 June/2019 high - Medium
- **S1 9,876** - 22 June low - Medium
- **S2 8,935** - 19 June low - Strong

BTCUSD - fundamental overview

Bitcoin is enjoying a nice run in the second quarter of 2019, racing to fresh yearly highs and trading back above 10k, on the back of increased adoption and a clear readiness for the investment community to welcome the new digital asset into the mainstream. The news of tech giants now turning towards a world of crypto transactions has given Bitcoin a major boost, with the latest moves over at Facebook, only serving to give crypto assets additional credibility.

BTCUSD - Technical charts in detail

[Watch now](#)

ETHUSD - technical overview

The recovery has recently accelerated to a fresh 2019 high, surging through medium-term resistance at 300 and exposing next key resistance at 358. The upside break suggests the market is now looking to establish a meaningful base, in favour of bullish structural shift. Still, shorter-term, the run is looking stretched and before we see that test of 358, we could see rallies well capped, to allow for extended readings to unwind before the market gets going again. Setbacks should now be well supported ahead of 200.



- **R2 358** - 1 April 2018 low - Strong
- **R1 322** - 24 June/2019 high - Medium
- **S1 290** - 22 June low - Medium
- **S2 260** - 19 June low - Strong

ETHUSD - fundamental overview

There has been a lot more buzz around adoption as the price of Bitcoin surges, with many mainstream names coming out in support of blockchain integration. Demand for web 3.0 applications is on the rise, and Ethereum is the blockchain with the biggest front end application potential. At the same time, worry associated with fallout in the global economy, is worry that should weigh more heavily on risk correlated crypto assets like ETH. And considering the possibility an overextended Bitcoin runs into profit taking, there is also risk we soon see a healthy adjustment back to the downside.



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.