

Thursday, November 7, 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

Bank of England decision highlights Thursday docket [Wake-up call](#)

We come into Thursday with the US Dollar extending its latest recovery and now up across the board over the past week. But it's been a bit of a weird week when it comes to reconciling price action, with no major developments that would easily justify the Dollar push.

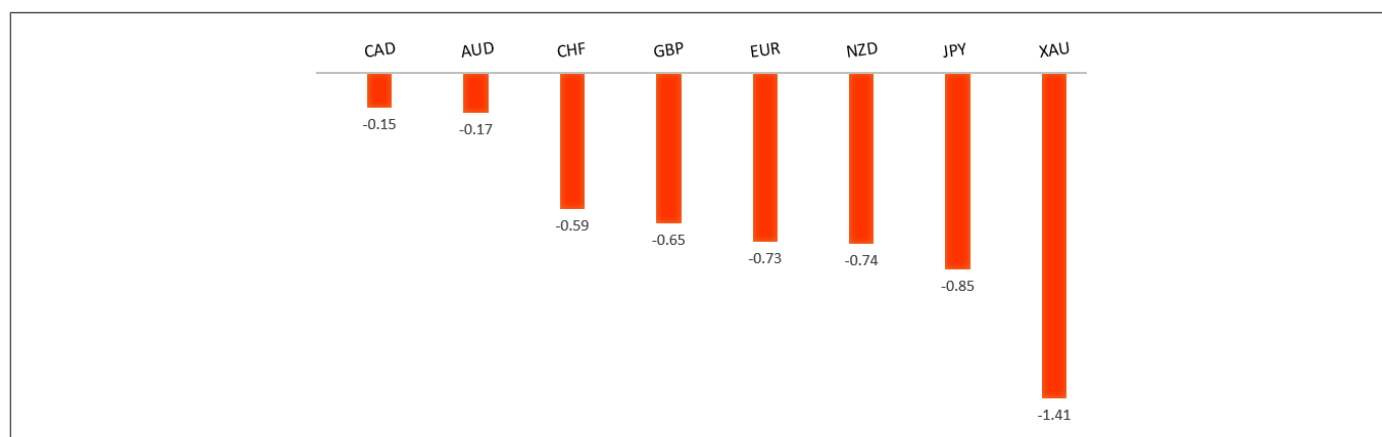
Technical highlights [Daily Video](#)

- [EURUSD](#) Setbacks viewed as corrective
- [GBPUSD](#) Well supported on dips
- [USDJPY](#) Rallies should be well capped
- [EURCHF](#) Lower top sought out
- [AUDUSD](#) Bounces from longer-term support
- [USDCAD](#) Setbacks seen supported into dips
- [NZDUSD](#) Working its way out from major low
- [US SPX 500](#) Upside limited from current levels
- [GOLD](#) (spot) Room for run towards 2k
- [BTCUSD](#) Showing signs of turning back up
- [ETHUSD](#) Additional downside limited

Fundamental highlights

- [EURUSD](#) German industrial production digested
- [GBPUSD](#) BOE decision takes centre stage
- [USDJPY](#) Highly sensitive to risk sentiment
- [EURCHF](#) SNB faces tougher battle with Franc
- [AUDUSD](#) Aussie doesn't get help from solid trade
- [USDCAD](#) Renewed OIL weakness hurts Loonie
- [NZDUSD](#) Deal delay another knock for Kiwi
- [US SPX 500](#) Stocks exposed to US trade policy
- [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

- [Economy-Has-Bottomed Trade Snags a Big Wine](#), R. Burgess, **Bloomberg** (November 6, 2019)
- [How to Get Accurate Investing Information?](#), M. Gulker, **AIER** (November 6, 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 1.1141** - 5 November high - Medium
- **S1 1.1022** - 16 October low - Medium
- **S2 1.0991** - 15 October low - Strong

EURUSD - fundamental overview

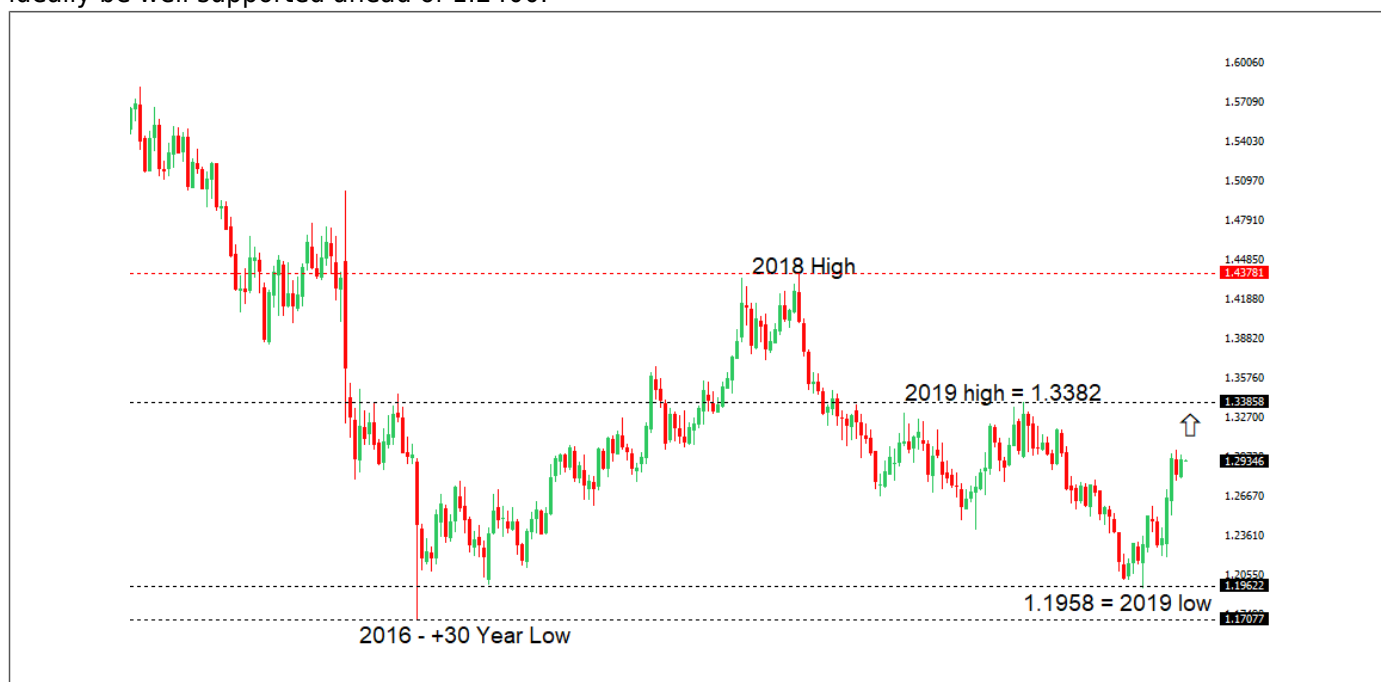
The Euro has come under pressure this week, though there haven't been any structural changes to the picture just yet. Dealers continue to report demand on dips and economic data out of the zone has been supportive. German Finance Minister Olaf Scholz said he is 'able to act if there's a crisis' but this 'isn't a crisis'. The ECB's Guindos said 'only with releasable buffers in place can macroprudential policy fully play its countercyclical role'. The ECB's Holzmann said monetary policy 'seems to have reached its end' and suggested its 'time for fiscal stimulus to step in'. Thursday's calendar features German industrial production, German construction PMIs, the ECB bulletin, US initial jobless claims and a Fed Kaplan 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.



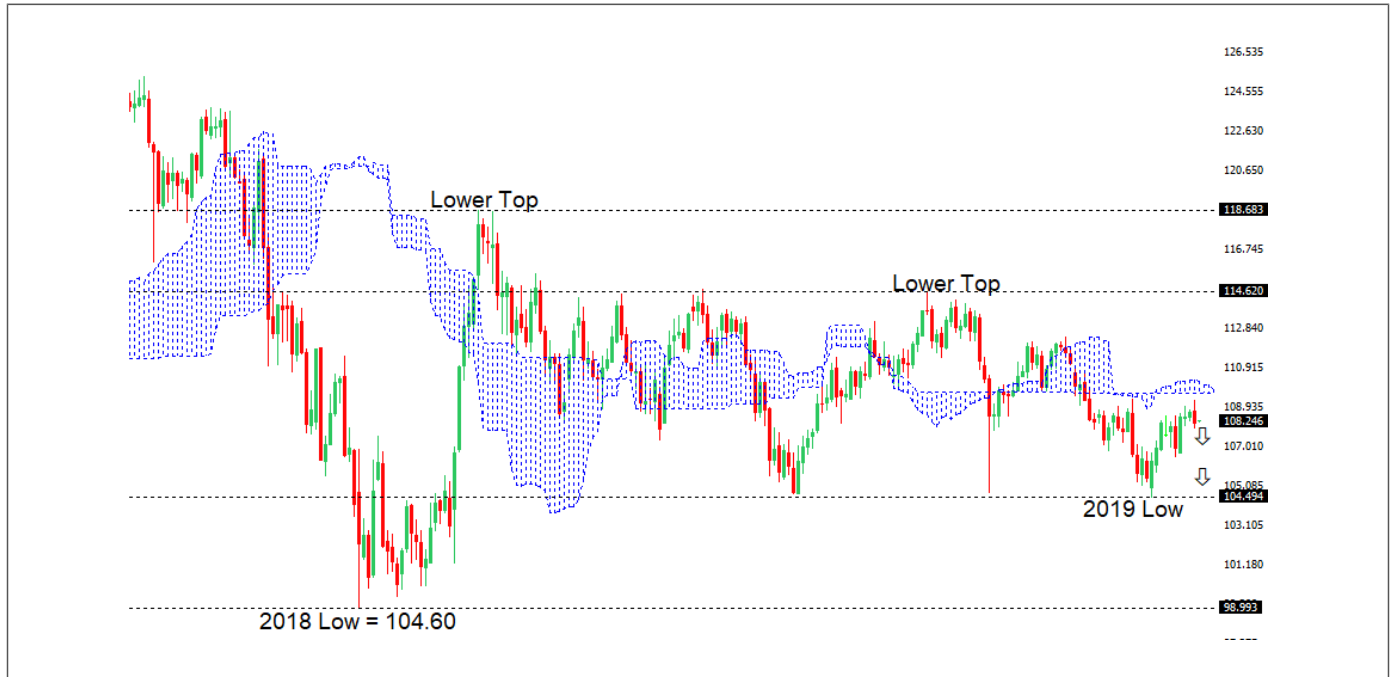
- **R2 1.3013** – 21 October high – Strong
- **R1 1.2976** – 31 October high – Medium
- **S1 1.2789** – 24 October low – Strong
- **S2 1.2700** – Figure – Medium

GBPUSD – fundamental overview

The Pound has declined in sympathy with the rest of the currency market this week, as USD demand works its way back into the picture. On the Brexit front, Boris Johnson was critical of parliament blocking Brexit. Meanwhile, Alan Cairns has resigned from the Conservative party after claims surfaced he knew of a former aide's role in the collapse of a rape trial. There was also attention given to a UK intelligence watchdog that flagged concerns about Russian interference in the upcoming British election. Thursday's calendar features the Bank of England policy decision, US initial jobless claims and a Fed Kaplan 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 109.32** - 1 August high - Strong
- **S1 108.54** - 5 November low - Medium
- **S2 107.89** - 1 November low - Strong

USDJPY - fundamental overview

The Yen continues to track with bigger picture themes, as it focuses on broad Dollar appetite and risk sentiment. The news of a possible delay of the US-China partial trade deal has been behind some of the renewed demand we've seen into Thursday. Looking ahead, there is no first tier data on the US calendar. US initial jobless claims and a Fed Kaplan speech are the only notable standouts. Instead, the market will focus on the bigger picture macro themes, including updates from the trade front.

[Watch now](#)

EURCHF - technical overview

The market is attempting to recover out from its lowest levels in two years, with the recent break back above 1.1000 taking the immediate pressure off the downside and opening the door for a larger correction back towards next key resistance at 1.1160. Overall however, the medium-term picture continues to favour the downside, and the market could have a hard time pushing much beyond that solid previous support turned resistance around 1.1160.



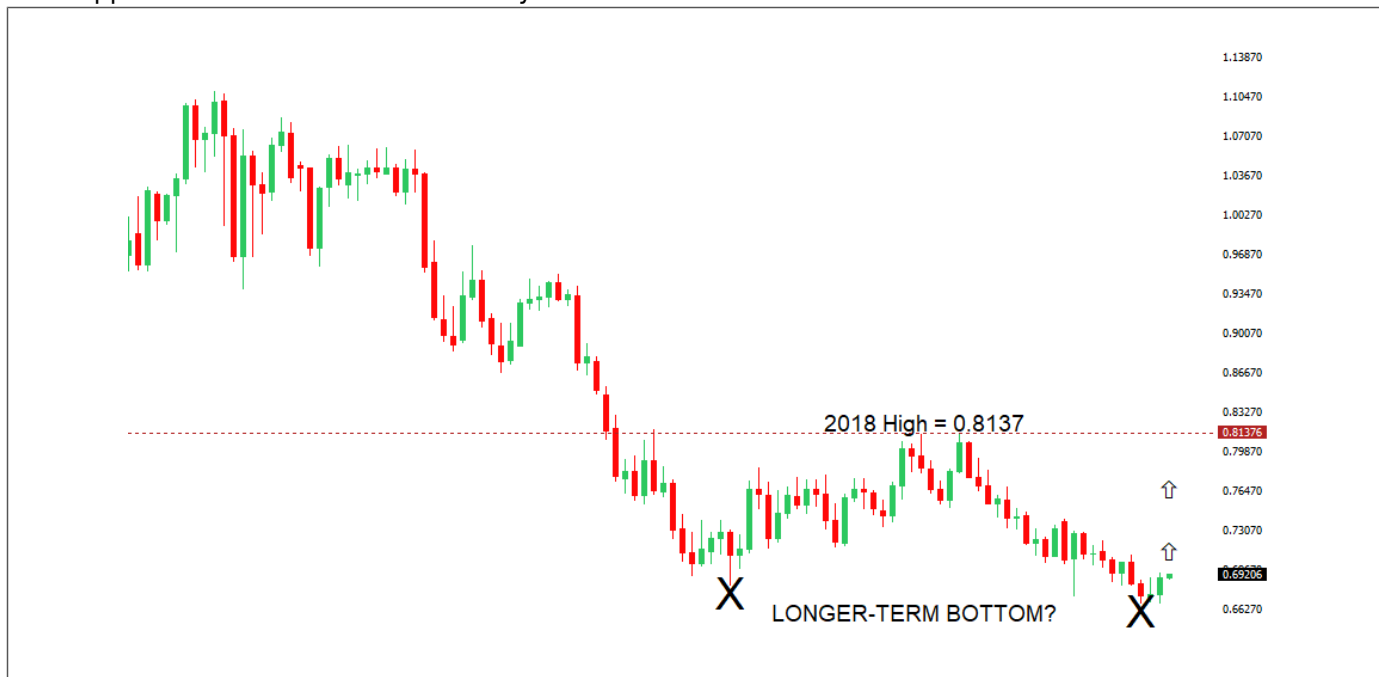
- **R2 1.1173** - 2 July high - Strong
- **R1 1.1060** - 17 October high - Medium
- **S1 1.0871** - 9 October low - Medium
- **S2 1.0811** - 4 September/2019 low - Strong

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.



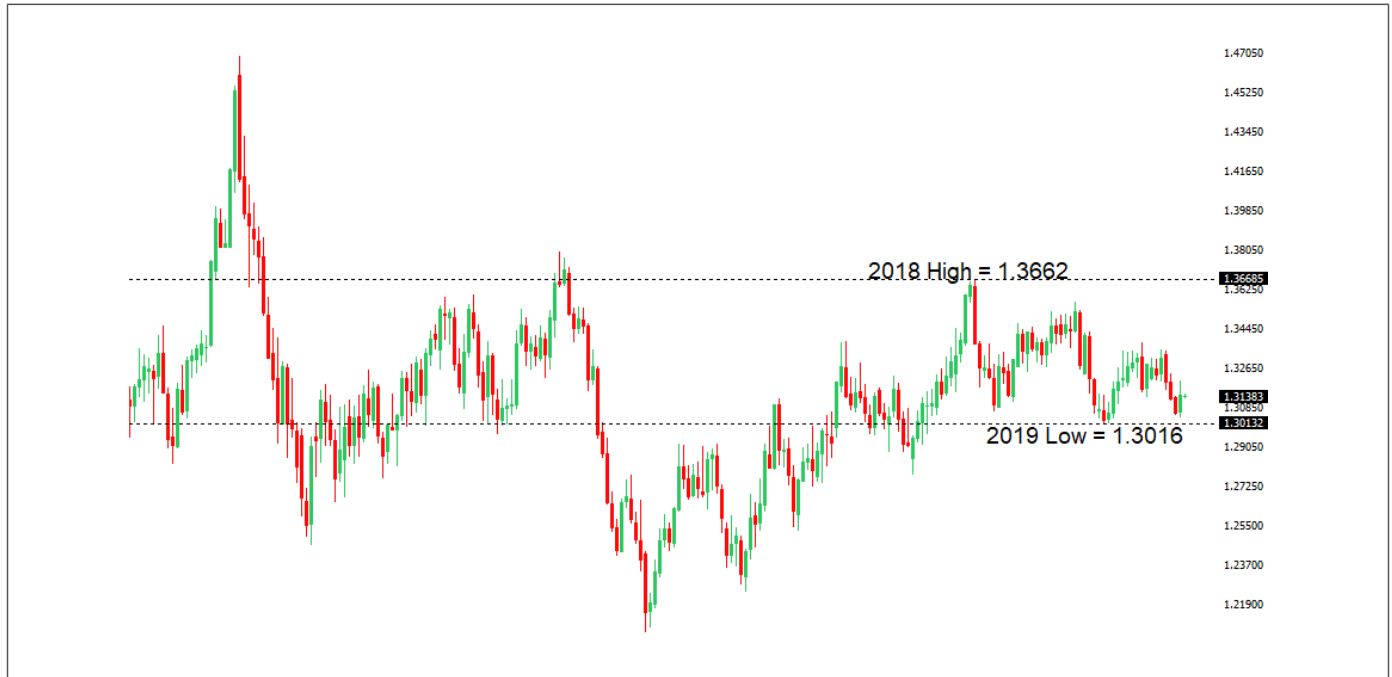
- **R2 0.7083** – 19 July high – Strong
- **R1 0.6930** – 31 October high – Strong
- **S1 0.6809** – 25 October low – Medium
- **S2 0.6710** – 10 October low – Strong

AUDUSD – fundamental overview

Aussie trade data came in solid but hasn't done much to support the currency, with most of the recent setbacks coming from worry associated with a delay in the US-China partial trade deal. Looking ahead, there is no first tier data on the US calendar. US initial jobless claims and a Fed Kaplan speech are the only notable standouts. Instead, the market will focus on the bigger picture macro themes, including updates from the trade front.

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 1.3240** - 15 October high - Strong
- **R1 1.3209** - 30 October high - Medium
- **S1 1.3042** - 29 October low - Medium
- **S2 1.3016** - 19 July/2019 low - Strong

USDCAD - fundamental overview

The Canadian Dollar has been underperforming of late, weighed down by a more dovish Bank of Canada decision, softer economic data and renewed weakness in the price of OIL. Looking ahead, there is no first tier data on the Canada and US calendars. US initial jobless claims and a Fed Kaplan speech are the only notable standouts. Instead, the market will focus on the bigger picture macro themes, including updates from the trade front.

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 0.6500** – Psychological – Strong
- **R1 0.6465** – 4 November high – Medium
- **S1 0.6343** – 18 October low – Medium
- **S2 0.6241** – 16 October low – Strong

NZDUSD – fundamental overview

The New Zealand Dollar has been suffering this week on the back of a worrying Kiwi jobs report and concerns about a delay in the US-China partial trade deal. Looking ahead, there is no first tier data on the US calendar. US initial jobless claims and a Fed Kaplan speech are the only notable standouts. Instead, the market will focus on the bigger picture macro themes, including updates from the trade front.

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.



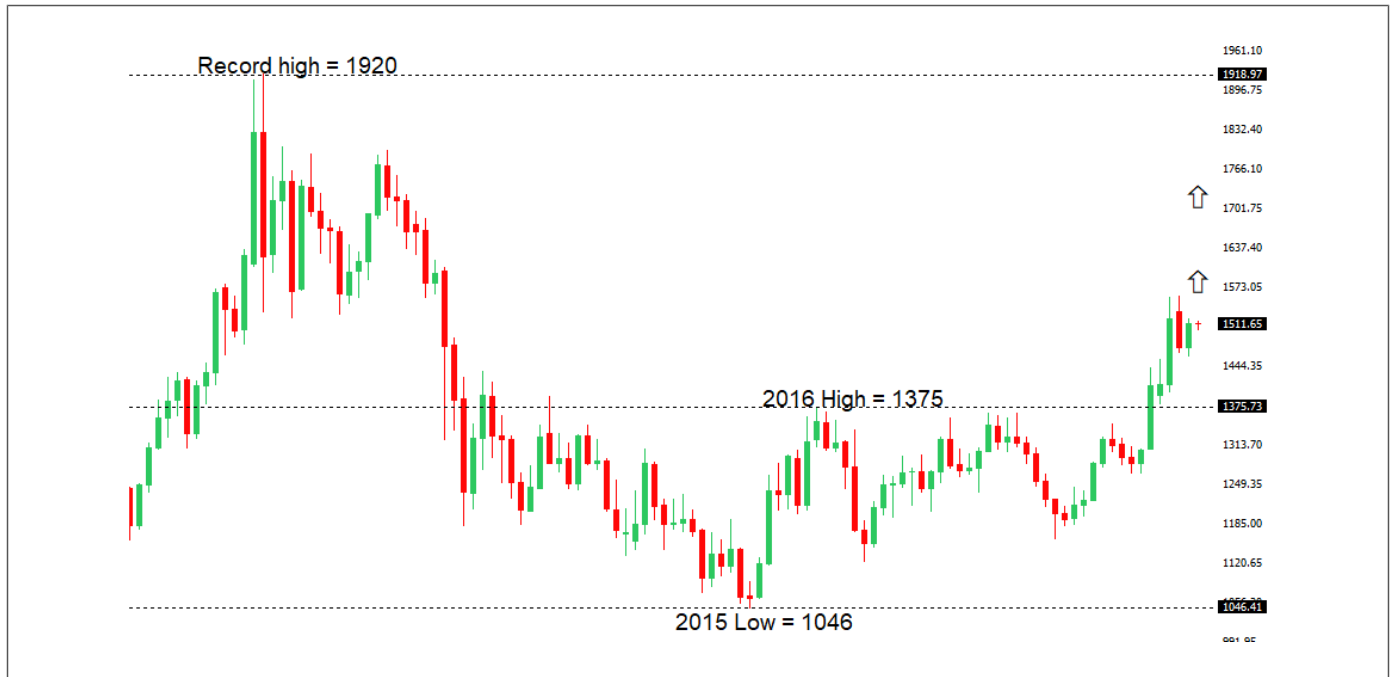
- **R2 3100** – Psychological – Strong
- **R1 3087** – 5 November/**Record high** – Medium
- **S1 2854** – 3 October low – Medium
- **S2 2777** – 6 August low – Strong

US SPX 500 – fundamental overview

Although we've seen the market extending to fresh record highs in 2019, on the back of the Fed policy reversal, with so little room for additional easing, 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 1459** - 1 October 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 10,920** - 6 September high - Strong
- **R1 10,468** - 26 October high - Medium
- **S1 8,806** - 11 October high - 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 153** – 26 September low – Medium
- **S2 150** – Psychological – 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.



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.