TECHNICAL

ANALYSIS REPORT

MONDAY, OCTOBER 13 2025

EUR/USD

Previous Session Overview

EUR/USD consolidated higher on Friday, reaching near previous resistance levels. Currently trading at 1.1619.

Market Outlook

The euro has stabilized around the 1.1600 level following a turbulent week characterized by significant political uncertainties affecting both the Eurozone and the United States. After declining to a weekly low of 1.1542 on Thursday, the pair staged a modest recovery into the weekend close, settling in the 1.1570-1.1600 range. France's political crisis continues to escalate with Prime Minister Sébastien Lecornu becoming the fifth PM to resign amid Parliament's inability to pass a budget addressing the nation's massive debt burden exceeding €3 trillion, equivalent to approximately 114% of GDP. Far-right leader Marine Le Pen's continued obstruction and calls for fresh snap elections have intensified concerns about the stability of Europe's second-largest economy. The US Dollar has drawn support from safe-haven flows driven by the ongoing government shutdown that began October 1, with Senate votes on funding bills repeatedly failing. The absence of key economic data releases due to the shutdown has paradoxically strengthened the Dollar as investors seek safety amid heightened uncertainty. Late Friday brought renewed trade tensions as President Trump announced plans to impose 100% tariffs on Chinese imports in retaliation for China's proposed restrictions on rare earth exports, marking another escalation in US-China relations. The upcoming week features limited high-impact economic data, with the final estimate of September German HICP on Tuesday being the most notable release. ECB President Christine Lagarde will deliver public speeches on Thursday and Saturday, though her remarks typically generate minimal market volatility. US markets will be closed Monday for Columbus Day, with Fed Chair Jerome Powell speaking Tuesday and PPI data scheduled for Thursday, pending resolution of the government shutdown.

Technical Outlook

- Stochastic is moving higher towards the overbought area.
- Price is consolidating around the 20-period moving average.
- This setup suggests potential for near-term upside but limited momentum.

Key Levels to Watch

Resistance: 1.1683; 1.1759
Support: 1.1537; 1.1451

Conclusion

EUR/USD remains in a consolidative phase around the 1.1600 level, with the pair finding technical support at the 20-period moving average at 1.1619. The Stochastic moving toward overbought territory suggests some near-term upside potential, though the overall outlook remains clouded by political uncertainties in both France and the United States. Immediate resistance at 1.1683 could cap gains, while support at 1.1537 should contain any pullbacks. The pair's ability to hold above 1.1600 will be crucial for maintaining bullish sentiment. With limited high-impact data expected next week, EUR/USD may continue to trade within its current range unless fresh developments emerge regarding the US government shutdown or escalating US-China trade tensions. The technical setup shows balanced conditions with price around the key moving average and improving momentum indicators.

GOLD (XAU/USD)

Previous Session Overview

Gold moved higher on Friday, reaching above previous resistance levels. Currently trading at 4049.50.

Market Outlook

Gold achieved a historic milestone this week, breaking above the psychological $4,000 per ounce barrier for the first time and extending to a new record high above $4,060 on Wednesday. The precious metal has demonstrated remarkable strength by ignoring overbought technical conditions throughout the week, supported by multiple fundamental drivers creating intense safe-haven demand. Political turbulence in Japan triggered significant capital flows into gold, with Sanae Takaichi's victory in the LDP leadership contest sparking a massive Yen selloff on expectations of pro-stimulus policies and resistance to Bank of Japan monetary tightening. The XAU/JPY pair opened with a substantial bullish gap on Monday and surged 8% over three days, reflecting strong capital outflows from the Yen. France's deepening political crisis further boosted gold's appeal, with Prime Minister Lecornu's resignation reviving fears about Europe's second-largest economy. Capital fleeing the Euro moved into gold, pushing XAU/EUR 5% higher in the first half of the week. The ongoing US government shutdown since October 1 has created additional market uncertainty as lawmakers continue failing to agree on funding legislation, with postponed data releases clouding the economic outlook and Federal Reserve policy vision. Despite the USD Index gathering bullish momentum throughout the week, it had minimal impact on gold's rally, demonstrating the intensity of safe-haven demand. A brief correction of more than 1.5% occurred on Thursday following President Trump's announcement that Israel and Hamas had agreed on a peace plan, temporarily easing geopolitical tensions. However, the precious metal quickly recovered as Trump's late Friday announcement of potential 100% tariffs on Chinese imports due to rare earth export restrictions reignited trade war fears. The upcoming week remains highly uncertain regarding US data releases, with September CPI and PPI reports scheduled for Wednesday and Thursday potentially delayed if the government shutdown continues, though reports suggest limited Bureau of Labor Statistics staff may be recalled completing the CPI report.

Technical Outlook

- Stochastic is moving higher towards the overbought area.
- Price is moving higher above the 20-period moving average.
- This setup indicates strong bullish momentum despite extreme overbought conditions.

Key Levels to Watch

Resistance: 4093.46; 4150.97
Support: 4001.51; 3943.85

Conclusion

Gold remains in a powerful uptrend with price well above the 20-period moving average at 4049.50 and the Stochastic indicator approaching overbought territory once again. Despite extreme technical conditions suggesting the rally is overextended, ongoing political tensions both domestically and abroad are keeping investors off-balance and forcing speculators to maintain positions in safe havens. The psychological $4,000 level has now become immediate support at 4001.51, with further cushion at 3943.85. On the upside, resistance at 4093.46 is the next target, with potential for extension toward 4150.97 if the current momentum persists. Gold's ability to shrug off overbought conditions and continue rallying highlights the intensity of current risk aversion. Thursday's correction proved shallow, suggesting strong dip-buying interest remains. Key factors to watch include developments in the US government shutdown, fresh trade war headlines, and any comments from Fed officials that could influence rate cut expectations.

GBP/USD

Previous Session Overview

GBP/USD consolidated higher on Friday, reaching near previous resistance levels. Currently trading at 1.3350.

Market Outlook

Sterling has demonstrated resilience after breaking below its previous consolidation range earlier in the week, with GBP/USD testing levels under 1.3300 and hitting a ten-week low at 1.3280 following rejection at 1.3500 in the early part of the week. Friday's bounce from the 200-day Exponential Moving Average has provided hope for a near-term bullish recovery among Cable traders. The primary driver of weakness has been broad US Dollar strength against major currency rivals, supported by multiple factors despite the extension of the US government shutdown and persistent market expectations for two Federal Reserve interest rate cuts remaining this year. The main catalyst behind USD strength was the selloff in the Euro and Japanese Yen amid political upheaval in France and Japan. Additionally, the AI-driven frenzy propelling US equity indices to record highs lifted economic optimism, bolstering the Dollar's advance through most of the week. However, late Friday's announcement by President Trump of potential 100% tariffs on Chinese imports triggered a sharp reversal in risk sentiment, with the S&P 500 plummeting 3% and wiping out three weeks of gains. GBP/USD has drawn some support from expectations of monetary policy divergence between the Fed and Bank of England, with BoE policymaker Catherine Mann noting on Thursday that monetary policy must remain restrictive for longer to create an environment conducive to growth. The upcoming week presents key UK data releases that could provide direction for the Pound, with Tuesday bringing employment data as the only significant event following Monday's Columbus Day holiday in the US. Thursday will see publication of British monthly GDP and Industrial Production data. With the Labour government preparing for a late November budget and tax increases appearing unavoidable, such developments might force the BoE to adopt a more dovish stance, acting as a potential headwind for Sterling.

Technical Outlook

- Stochastic is moving higher towards the overbought area.
- Price is consolidating slightly below the 20-period moving average.
- This suggests potential for recovery but facing resistance at the MA.

Key Levels to Watch

Resistance: 1.3413; 1.3513
Support: 1.3261; 1.3162

Conclusion

GBP/USD caught a modest rebound on Friday at 1.3350, bouncing from the 200-day EMA and offering hope for a near-term recovery. However, the pair remains slightly below the 20-period moving average, with lower highs and lower lows keeping topside potential limited. The Stochastic moving toward overbought territory suggests some upside momentum, but the pair needs to decisively break above the 20-period MA and the 1.3413 resistance to confirm a bullish reversal. Support at 1.3261 should contain any immediate pullbacks, with stronger support at 1.3162 below. Tuesday's UK employment data will be crucial, as the market remains confident that the early November BoE meeting will not produce a rate move. Any negative surprises could undermine Sterling's recovery attempt. The broader technical picture suggests the Pound needs a catalyst boost, and much will depend on whether upcoming UK data can provide the necessary support while global risk sentiment remains fragile.

SPX/USD (S&P 500)

Previous Session Overview

The S&P 500 moved lower on Friday, reaching below previous support levels, but opened with a higher jump on Monday morning in the Asian session. Currently trading at 6635.74.

Market Outlook

The S&P 500 experienced a dramatic reversal at the end of last week, plummeting 3% in the final hours of Friday's trading after rising to new all-time highs earlier in the week. This sharp decline erased the past three weeks of gains following President Trump's announcement of plans to impose new 100% tariffs on Chinese imports due to their proposed restrictions on rare earth exports, which are vital to the American and global tech industry. The tariff announcement caught markets off guard, triggering a broad selloff across equity markets while WTI crude oil plummeted below $60 per barrel for the first time in five months as investor risk aversion gripped commodities alongside equities. The sudden shift from record highs to sharp losses highlights the fragility of current market sentiment and the outsized impact of trade policy announcements. Another concern emerging is whether the American stock market is experiencing an artificial intelligence bubble, with major indices' valuations becoming heavily concentrated in just a few tech companies mostly focused on AI, creating significant concentration risk. After several months of strong gains, the US stock market now appears vulnerable to a sudden correction, particularly if the US-China standoff is not resolved quickly. The ongoing US government shutdown adds another layer of uncertainty, with the federal government unable to pass a funding bill since October 1, leading to postponement of key economic data releases. This lack of information has fed uncertainty surrounding the economic outlook and complicated the Federal Reserve's decision-making process. The FOMC Minutes released earlier in the week showed policymakers remain split on the path forward, with a slim majority favouring two more interest rate cuts before year-end. However, there is a note of hope for bulls as the Monday morning Asian session opening showed a higher jump, suggesting some buying interest remains. Additionally, the two major stock markets open over the weekend in Saudi Arabia and Israel saw gains or held steady, which could be a potentially positive sign, though both markets have strong local factors supporting buying. Further declines when the US market opens on Tuesday following Monday's Columbus Day holiday might knock out trend followers from their longstanding long positions in major US equity indices.

Technical Outlook

- Stochastic is trying to cross higher inside the oversold area.
- Price is moving higher towards back to the 20-period moving average.
- This setup suggests a potential technical bounce from oversold conditions.

Key Levels to Watch

Resistance: 6706.61; 6758.75
Support: 6576.11; 6521.52

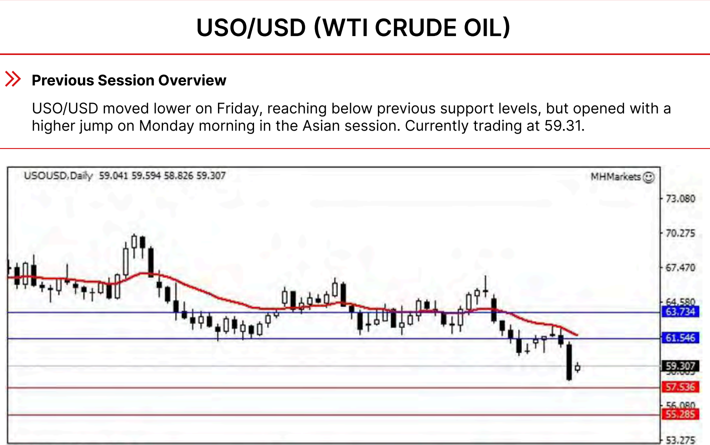
Conclusion

The S&P 500 finds itself at a critical juncture at 6635.74 after Friday's sharp selloff, though the Monday Asian session opening suggests some stabilization. The Stochastic indicator attempting to cross higher in oversold territory indicates potential for a technical bounce, while price action showing movement back toward the 20-period moving average supports this view. However, the fundamental backdrop remains highly uncertain. Immediate support at 6576.11 should contain further weakness, with stronger support at 6521.52 below. Resistance at 6706.61 will be the first hurdle for any recovery attempt. The key question for the week ahead is whether Trump's tariff threats materialize into concrete action or if negotiations can defuse tensions. There may be opportunities for experienced traders either long or short over the coming days, while novices might do better to sit this one out. Investors holding long positions may want to consider reducing exposure if the US-China dispute deepens. The absence of typical US economic data due to the government shutdown means price action will be driven primarily by headline risk and sentiment shifts.

USO/USD (WTI CRUDE OIL)

Previous Session Overview

USO/USD moved lower on Friday, reaching below previous support levels, but opened with a higher jump on Monday morning in the Asian session. Currently trading at 59.31.



Market Outlook

WTI crude oil plummeted below $60 per barrel for the first time in five months on Friday as investor risk aversion gripped energy commodities following President Trump's sudden announcement that the White House will raise tariffs on China to nearly 100% on certain products in retaliation for China's proposed restrictions on rare earth exports. Although markets have seen similar threats before from the US administration, financial institutions and large traders were caught off guard and reacted with broad-based selling across risk assets. Oil closed near $58.70 on Friday, with Monday morning's Asian session opening showing a higher jump to current levels around $59.31, suggesting some stabilization attempt. However, the last time WTI crude oil languished within these lower values was in April and May of this year, which not coincidentally also occurred during heightened tariff rhetoric from the White House. The correlation to renewed fevered pitch from President Trump has struck a nerve with large oil traders again. The power of the price velocity lower seen on Friday kept WTI prices within their long-term lower elements as the trading session closed, with added selling pressure when the psychologically important $60.00 level was broken and sustained below. Experienced commodity traders typically look at over-exuberant moves and then brace for a counter-reaction, which may explain Monday morning's slight recovery. Oil markets are catching bearish signals on both sides as OPEC production cap increases and fresh US-China trade war concerns work in tandem to threaten global oil demand, which was already struggling heading into the third quarter. The Organization of the Petroleum Exporting Countries has been edging further into production cap increases, adding supply-side pressure to already weak demand expectations. Recent developments in the Middle East have brought the potential of calmer conditions from the region, with President Trump announcing that Israel and Hamas had agreed on a peace plan. If the Middle East can stay quiet for a while, this may allow President Trump to turn his focus elsewhere, meaning that China, Russia, and the war in Ukraine could get increased attention, all of which carry implications for global oil demand and geopolitical risk premiums.

Technical Outlook

- Stochastic is moving inside the oversold area.
- Price is moving higher towards back to the 20-period moving average.
- This setup indicates extreme bearish pressure but potential for technical bounce.

Key Levels to Watch

Resistance: 61.55; 63.73
Support: 57.54; 55.28

Conclusion

WTI crude oil remains under significant pressure at 59.31 with price still below the 20-period moving average, though the Stochastic indicator deep in oversold territory and Monday's gap higher suggest potential for a near-term technical bounce. The momentum generated downward on Friday serves as a reminder that trading commodities carries significant risk, with the ability to dive below $60.00, $59.00, and $58.00 within rapid succession demonstrating the danger of fast-moving markets. Immediate support at $57.54 is now critical, with a break below potentially targeting $55.28. Day traders may be tempted to look for a reversal higher from current depths, which seems logical given oversold conditions. However, speculators need to be cautious as WTI could move lower still if trade war tensions escalate further. Simple targets near the $61.55 resistance level may seem reasonable for any bounce, but conservative leverage and a wait-and-see approach are advised. The combination of OPEC production increases, weakening global demand expectations, and renewed US-China trade tensions creates a fundamentally bearish environment that could override technical oversold signals.

Key events for today and tomorrow (GMT):

Date	Time	Currency	Events	Forecast	Previous
13 Oct	All Day	JPY	Bank Holiday		
	All Day	CAD	Bank Holiday		
	All Day	USD	Bank Holiday		
14 Oct	00:30	AUD	Monetary Policy Meeting Minutes		
	06:00	GBP	Average Earnings Index 3m/y	4.7%	4.7%
	06:00	GBP	Claimant Count Change	17.4K	
	09:00	EUR	German ZEW Economic Sentiment	41.7	37.3

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