MH Markets

TECHNICAL

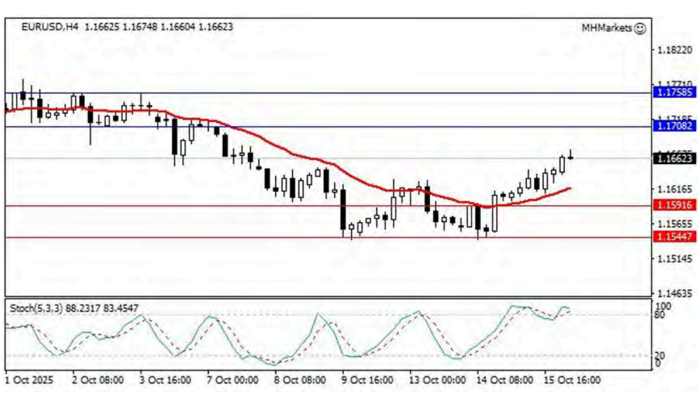
ANALYSIS REPORT

THURSDAY, OCTOBER 16 2025

EUR/USD

Previous Session Overview

EUR/USD consolidated higher on Wednesday, reaching near previous resistance levels. Currently trading at 1.1662.



Market Outlook

The euro picked up pace on Wednesday and regained the 1.1650 region amid further weakness hurting the Greenback. The pair extended its weekly recovery as the US Dollar Index remained under pressure for the second consecutive session, declining to multi-day lows near 98.70 amid continued pullback in US Treasury yields and improved risk appetite across markets. The Dollar's continued weakness reflects persistent market expectations for Federal Reserve rate cuts in the latter part of the year, despite the ongoing government shutdown creating an information vacuum around economic data. The shutdown continues to complicate the Fed's decision-making process ahead of the October 28-29 policy meeting, with investors increasingly betting that the central bank will need to adopt a more accommodative stance given the uncertainties. Wednesday's session saw improved risk sentiment as the S&P 500 broke back into the green, buoyed by blockbuster earnings reports from Bank of America and Morgan Stanley. Bank of America shares closed 4.4%, while Morgan Stanley ended the session 4.7% higher. The strong earnings season has helped overshadow ongoing concerns about US-China trade negotiations and the government shutdown, providing a supportive backdrop for EUR/USD's advance. However, volatility remains elevated, with the Cboe Volatility Index finishing at 20.6 after peaking higher in the afternoon, indicating that investors remain on edge despite the positive earnings momentum. For the Euro, the ongoing political turmoil in France continues to linger in the background, though the market appears to have become desensitized to these concerns as they remain unresolved. Reports that the French government will present a budget aiming to cut the deficit to 4.7% by end-2026 have provided some stability, though execution risks remain high. Today's calendar features Balance of Trade results for the broader Eurozone, alongside speeches by ECB officials Donnery, Lane, and notably President Lagarde. On the US side, the Philly Fed Manufacturing Index and NAHB Housing Market Index are due, along with the EIA's weekly report on US crude oil stockpiles, with Fed officials Barkin, Barr, Miran, Waller, and Bowman all scheduled to speak.

Technical Outlook

- Stochastic is consolidating near the overbought area.
- Price is consolidating above the 20-period moving average.
- This setup suggests strong bullish momentum with potential for further gains.

Key Levels to Watch

Resistance: 1.1708; 1.1759
Support: 1.1592; 1.1545

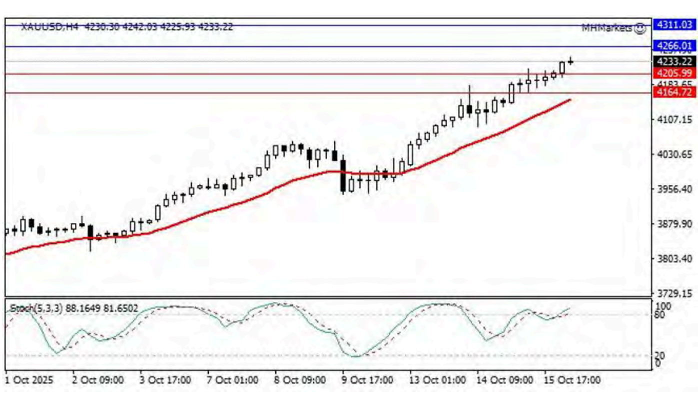
Conclusion

EUR/USD has established a firm position above the 20-period moving average at 1.1662, with the Stochastic consolidating near overbought territory indicating strong underlying momentum. The pair has successfully reclaimed the 1.1650 region and appears poised to test the 1.1708 resistance level if the Dollar's weakness persists. Immediate support at 1.1592 should contain any pullbacks, with stronger support at 1.1545 below. The technical picture is constructive, with price action suggesting buyers are in control and higher levels remain achievable. Today's focus will be on the multiple Fedspeak events, with five Fed officials scheduled to speak. Any dovish commentary reinforcing rate cut expectations could push EUR/USD toward the 1.1708 level, while hawkish pushback might trigger consolidation or a modest pullback. ECB President Lagarde's speech will also be monitored closely. The pair's ability to hold above 1.1600 will be crucial in determining whether this rally has legs to extend toward the 1.1759 target.

GOLD (XAU/USD)

Previous Session Overview

Gold moved higher on Wednesday, reaching near previous resistance levels and achieving a new all-time high at $4,242. Currently trading at 4233.22.



Market Outlook

Gold prices clinched yet another all-time high near the $4,250 mark per troy ounce on Wednesday, continuing an extraordinary rally that shows no signs of exhaustion. The precious metal's relentless ascent remains supported by steady expectations for Federal Reserve rate cuts, ongoing US-China trade tensions, and persistent weakness in the US Dollar. Wednesday's advance came despite improved risk sentiment in equity markets, highlighting Gold's unique position as both a safe-haven asset and a beneficiary of dovish monetary policy expectations. The US Dollar Index fell to multi-day troughs near 98.70 for the second consecutive day, removing a traditional headwind for Gold, while US Treasury yields continued their retracement across the curve, reducing the opportunity cost of holding non-yielding assets. The Federal Reserve's predicament has become a key driver of Gold's rally, with the government shutdown now stretching into its third week and the October 15 military payrolls deadline passed without resolution. The central bank is operating in an unprecedented information vacuum, with markets increasingly betting that the Fed will need to cut rates at the October 28-29 meeting, with investors pricing in high probability of additional cuts in the latter part of the year. Strong earnings from major banks on Wednesday, with Bank of America up 4.4% and Morgan Stanley gaining 4.7%, paradoxically supported Gold rather than undermining it. While the blockbuster results indicate economic resilience, they also reinforce the view that the Fed has room to cut rates without triggering recession fears, creating what many see as an optimal environment for Gold. This goldilocks scenario of strong economy with dovish Fed is precisely the type of environment where Gold historically thrives. Ongoing US-China trade tensions continue to provide underlying support, though Wednesday saw some easing of immediate concerns as markets focused on positive earnings rather than trade rhetoric. However, the elevated VIX reading at 20.6, near its highest levels since late May, indicates that investors remain nervous and continue to hedge with gold positions. Today's calendar features speeches from five Fed officials, which could provide crucial insights into the central bank's thinking.

Technical Outlook

- Stochastic is consolidating near the overbought area.
- Price is moving higher above the 20-period moving average.
- This setup indicates extremely strong bullish momentum with consolidation before potential next leg higher.

Key Levels to Watch

Resistance: 4266.01; 4311.03
Support: 4205.99; 4164.72

Conclusion

Gold continues its historic rally at 4233.22 with price firmly established above the 20-period moving average and trading just below the $4,250 all-time high. The Stochastic indicator consolidating in overbought territory suggests the market is digesting recent gains before potentially launching the next leg higher. The precious metal's ability to set fresh records despite improved equity market sentiment and strong earnings underscores the strength of the underlying bid. Immediate resistance at $4,266.01 is the next psychological barrier, with potential for extension toward $4,311.03 if momentum continues. Support has been steadily rising, with $4,205.99 now providing the first cushion and stronger support at $4,164.72 below. Today's barrage of Fedspeak represents the most significant near-term risk, with five Fed officials scheduled to speak. The market will be listening carefully for any hints about the central bank's policy path given the data blackout from the government shutdown. The technical picture remains overwhelmingly bullish, with Gold showing remarkable resilience to overbought conditions.

GBP/USD

Previous Session Overview

GBP/USD moved higher on Wednesday, reaching near previous resistance levels. Currently trading at 1.3422.

Market Outlook

Sterling surged to weekly highs past the 1.3400 level on Wednesday, leaving behind two daily pullbacks in a row and reclaiming bullish momentum. Cable's impressive advance came as the US Dollar continued its retreat for the second consecutive session, with the DXY falling to multi-day lows near 98.70 amid declining Treasury yields and improving risk sentiment. GBP/USD's rally was supported by broad-based Dollar weakness driven by persistent market expectations for Federal Reserve rate cuts in the latter part of the year. The ongoing government shutdown, now in its third week, continues to create uncertainty around US economic data and the Fed's policy path, with investors increasingly betting on an accommodative stance from the central bank at the October 28-29 meeting. Wednesday's session saw strong gains in equity markets, with the S&P 500 finishing 0.4% higher buoyed by blockbuster earnings from Bank of America and Morgan Stanley. The positive sentiment in risk assets provided an additional tailwind for the Pound, as Sterling tends to perform well in risk-on environments. However, volatility remains elevated with the VIX finishing at 20.6, indicating that market participants remain cautious despite the earnings optimism. For the Pound, the hawkish Bank of England narrative continues to provide fundamental support, with recent comments from multiple BoE officials, including Greene's observation that economic activity is stronger than thought a year ago and that there is a case for higher rates, reinforcing the view that the BoE will maintain a restrictive policy stance longer than other major central banks. Today brings a critical data dump from the UK, with GDP figures taking centre stage alongside Industrial and Manufacturing Production, Balance of Trade, Construction Output, and the NIESR Monthly GDP Tracker. This comprehensive set of releases will provide the most complete picture of UK economic health and could significantly influence the BoE's policy calculus. Strong data would reinforce the hawkish BoE narrative and propel GBP/USD higher, while disappointing figures could trigger profit-taking. Additionally, Australian employment data is due overnight, which could influence broader risk sentiment and indirectly impact Cable.

Technical Outlook

- Stochastic is consolidating near the overbought area.
- Price is moving higher above the 20-period moving average.
- This setup indicates strong bullish momentum with potential for further gains.

Key Levels to Watch

Resistance: 1.3465; 1.3527
Support: 1.3345; 1.3279

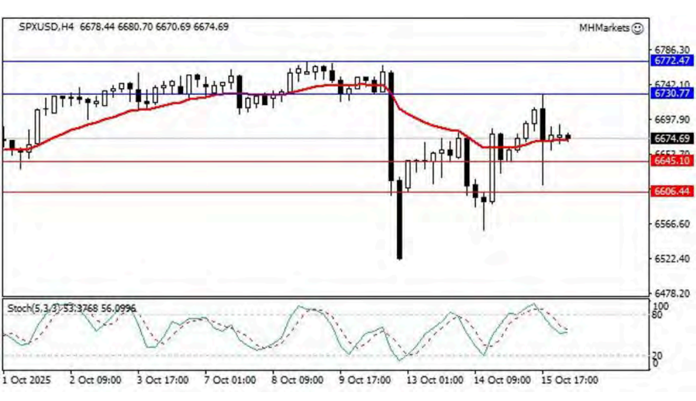
Conclusion

GBP/USD has broken decisively above the 1.3400 level at 1.3422 and is trading firmly above the 20-period moving average, with the Stochastic consolidating in overbought territory suggesting strong underlying momentum. The pair's ability to leave behind two consecutive daily pullbacks and surge to weekly highs demonstrates the strength of the current bullish trend. Immediate resistance at 1.3465 is now the next target, with potential for extension toward 1.3527 if today's UK data supports continued gains. Support at 1.3345 should contain any profit-taking, with stronger support at 1.3279 below. Today's comprehensive UK economic data releases represent the most significant event risk for Cable. Strong GDP and production figures would validate the BoE's hawkish stance and push the pair toward 1.3465, while weak data could trigger a pullback toward 1.3345. The technical picture is firmly bullish, with Cable having reclaimed the 1.3400 level decisively and showing no signs of exhaustion. The multiple Fed speakers scheduled for today also represent significant event risk.

SPX/USD (S&P 500)

Previous Session Overview

The S&P 500 moved higher on Wednesday, reaching near previous resistance levels. Currently trading at 6674.69.



Market Outlook

The S&P 500 broke back into positive territory on Wednesday, finishing 0.4% higher at 6,671.06, buoyed by blockbuster earnings reports from Bank of America and Morgan Stanley. The index gained as much as 1.2% intraday before paring some gains into the close, demonstrating both the strength of earnings-driven optimism and the persistent caution among investors. Bank of America and Morgan Stanley provided the catalysts for Wednesday's rally, with their shares closing 4.4% and 4.7% respectively after exceeding both earnings and revenue expectations. The strong start to earnings season has helped investors look past ongoing concerns about US-China trade negotiations and the government shutdown, which continue to weigh on sentiment but have taken a backseat to enthusiasm over corporate fundamentals. The message from major financial institutions is clear: the US economy remains resilient, consumer health is solid, and corporate America is navigating the current uncertainties successfully. The Nasdaq Composite finished 0.7% at 22,670.08 after briefly rallying as much as 1.4%, with technology stocks participating in the broader market advance. However, high-flying AI stock Nvidia demonstrated the continued volatility in mega-cap tech names, rolling over to trade 0.1% lower by the closing bell after rising as much as 2.7% intraday. The Dow Jones Industrial Average ended the day flat, down just 17.15 points or 0.04% at 46,253.31, after rising as much as 422.88 points intraday. The recent pick-up in volatility has continued, with the Cboe Volatility Index peaking higher in the afternoon before finishing at 20.6, trending higher over the past week and rising last Friday to more than 21.6, its most elevated level since late May. Investors remain on edge as global trade tensions continue to simmer, with no clear resolution in sight to the US-China standoff. The government shutdown stretching into its third week adds another layer of uncertainty, particularly as it relates to the Federal Reserve's ability to assess economic conditions ahead of the October 28-29 policy meeting. The juxtaposition of strong earnings and elevated volatility creates a complex environment, with corporate fundamentals appearing solid and Fed rate cuts seeming increasingly likely while geopolitical uncertainties and the information vacuum from the shutdown make investors hesitant to fully commit.

Technical Outlook

- Stochastic moved lower from the overbought area
- Price is consolidating around the 20-period moving average.
- This setup suggests profit-taking after recent gains, but overall trend remains intact.

Key Levels to Watch

Resistance: 6730.77; 6772.47
Support: 6645.10; 6606.44

Conclusion

The S&P 500 is consolidating around the 20-period moving average near 6674.69 after Wednesday's advance, with the Stochastic indicator pulling back from overbought levels suggesting some near-term profit-taking. However, the overall technical and fundamental picture remains supportive. The strong earnings from major banks and the likelihood of Fed rate cuts at the end of October provide a solid foundation for further gains. Immediate resistance at 6,730.77 is within striking distance, with potential for extension toward 6,772.47 if the positive earnings momentum continues. Support at 6,645.10 should contain any pullbacks, with stronger support at 6,606.44 below. Today's calendar features multiple Fed speakers along with economic data including the Philly Fed Manufacturing Index and NAHB Housing Market Index. The key question for investors is whether strong earnings can continue to override concerns about trade tensions and the government shutdown. The elevated VIX reading of 20.6 indicates that hedging costs remain high, but it has not prevented the market from moving higher.

USO/USD (WTI CRUDE OIL)

Previous Session Overview

USO/USD consolidated on Wednesday, staying between previous support and resistance levels. Currently trading at 58.28.

Market Outlook

WTI crude oil prices added to Tuesday's drop on Wednesday, approaching once again the $58.00 mark per barrel as traders continued to assess the expected surplus forecast by the International Energy Agency for 2026 and the renewed concerns about US-China trade tensions. The persistent weakness in crude reflects mounting concerns about both supply dynamics and demand outlook. Oil markets remain under pressure from multiple bearish factors converging simultaneously, with the IEA's projections for a supply surplus in 2026, combined with OPEC+ production increases already in the pipeline, creating a bearish supply-side narrative that continues to weigh on prices. This supply pressure comes at a time when demand concerns are intensifying due to escalating US-China trade tensions. While Wednesday saw some easing of immediate trade war fears as markets focused on strong bank earnings rather than geopolitical headlines, oil traders remain deeply concerned about the implications of prolonged trade friction for global economic growth and energy demand. The correlation between trade tensions and oil prices, evident in the March-April selloff, continues to guide market sentiment. The ongoing consolidation just above the critical $58.00 level suggests the market is at a key inflection point, with a sustained break below this level potentially accelerating selling toward the April-May lows, while a successful defence might attract some short-covering and provide temporary relief. However, the fundamental backdrop remains challenging, with little on the horizon to suggest a sustainable recovery. The US government shutdown continues to complicate the picture by delaying official inventory data from the Energy Information Administration. Today's EIA weekly report on US crude oil stockpiles, if released, could provide some direction, though the market has been trading primarily on macroeconomic concerns rather than supply-demand fundamentals. The improved risk sentiment in equity markets on Wednesday, with the S&P 500 up 0.4% on strong bank earnings, has done little to support oil prices, suggesting that crude is trading on its own set of concerns related specifically to trade tensions and supply dynamics. The Middle East ceasefire continues to remove any geopolitical risk premium from oil prices, with traders still waiting to see if the peace holds.

Technical Outlook

- Stochastic is moving lower towards the oversold area.
- Price is consolidating below the 20-period moving average.
- This setup indicates continued bearish pressure with potential for further downside.

Key Levels to Watch

Resistance: 59.72; 61.28
Support: 56.80; 55.28

Conclusion

WTI crude oil remains trapped below the 20-period moving average around 58.28, with the Stochastic indicator moving toward oversold territory suggesting continued downside pressure. The commodity's proximity to the psychologically important $58.00 level makes this a critical juncture, with a break below potentially triggering accelerated selling toward $56.80 support and the April-May lows near $55.28. Resistance at $59.72 will cap any recovery attempts, with more significant resistance at $61.28 above. The fundamental backdrop remains decisively bearish, with IEA surplus projections for 2026, OPEC+ production increases, escalating US-China trade tensions threatening demand, and the removal of Middle East geopolitical risk premium all working against oil bulls. Today's EIA report on crude oil stockpiles could provide some near-term direction, though with the government shutdown ongoing, there's uncertainty about whether official data will be released. The technical picture remains bearish as long as price stays below the 20-period MA and below $59, with rallies likely to be viewed as selling opportunities.

Key events for today and tomorrow (GMT):

Date	Time	Currency	Events	Forecast	Previous
16 Oct	06:00	GBP	GDP m/m	0.1%	0.0%
	12:30	USD	Philly Fed Manufacturing Index	9.1	23.2
	Tentative	USD	Core PPI m/m	0.3%	-0.1%
	Tentative	USD	Core Retail Sales m/m	0.3%	0.7%
	Tentative	USD	PPI m/m	0.3%	-0.1%
	Tentative	USD	Retail Sales m/m	0.4%	0.6%
	Tentative	USD	Unemployment Claims		
17 Oct			No Key Events for Friday		