MH Markets Technical Analysis Report

2025/10/01 - WEDNESDAY

EUR/USD

Previous Session Overview

EUR/USD consolidated on Tuesday, staying between previous support and resistance levels. Currently trading at 1.1735.

Market Outlook

The euro extended its recovery for the third consecutive session on Tuesday, revisiting multi-day highs around 1.1760 as the pair continues to benefit from steady concerns around a potential US government shutdown that kept the US Dollar under sustained pressure. The DXY fell to four-day lows in the 97.70-97.60 band as prospects for additional rate cuts by the Federal Reserve continue to weigh on dollar sentiment. Markets remain focused on the Fed's policy trajectory amid mixed economic signals, with investors increasingly wary about a slowing labour market and the risk of stagflation scenarios emerging. The government shutdown deadline passed at midnight with President Trump stating that while "nothing is inevitable," a shutdown is "probably likely," while House Speaker Mike Johnson expressed scepticism about averting a funding lapse. If the shutdown materializes, the Labor Department will not release the September nonfarm payrolls report as scheduled on Friday, creating additional uncertainty around the Fed's policy path and potentially extending dollar weakness. Today's focus shifts to inflation data in the Eurozone, with the preliminary Inflation Rate taking centre stage alongside the final HCOB Manufacturing PMI in Germany and the broader Eurozone. ECB officials De Guindos and Elderson are scheduled to speak, potentially providing crucial insights into the central bank's policy outlook given recent economic data showing mixed signals across the region. On the US side, today brings the weekly MBA Mortgage Applications, ADP Employment Change, ISM Manufacturing PMI, final S&P Global Manufacturing PMI, Construction Spending data, and the EIA's weekly crude oil stockpiles report, with Fed official Logan also scheduled to speak.

Technical Outlook

- Stochastic moved lower from the overbought area
- Price is consolidating around the 20-period moving average.
- This suggests near-term consolidation as momentum normalizes.

Key Levels to Watch

Resistance: 1.1804; 1.1853
Support: 1.1657; 1.1612

Conclusion

EUR/USD continues to consolidate around the 20-period moving average near 1.1735, with the Stochastic pulling back from overbought levels indicating healthy profit-taking after the recent three-day rally. The pair remains supported by persistent USD weakness driven by government shutdown concerns. Today's Eurozone inflation data will be crucial, with higher-than-expected readings potentially supporting the Euro by reducing ECB dovish expectations, while weak inflation might limit upside potential. A sustained break above 1.1804 could target 1.1853, while support at 1.1657 should contain any pullbacks. The government shutdown situation and ADP employment data will provide additional volatility catalysts throughout the session.

GOLD (XAU/USD)

Previous Session Overview

Gold consolidated on Tuesday, staying between previous support and resistance levels. Currently trading at 3864.23.

Market Outlook

Gold prices rose further on Tuesday, hitting an all-time high around the $3,870 mark per troy ounce amid prospects for Fed rate cuts and intensifying fears over a potential US government shutdown, extending the precious metal's remarkable rally after breaking the previous record at $3,833 earlier this week. The government shutdown scenario is now highly likely, with President Trump stating it is "probably likely" and House Speaker Mike Johnson expressing scepticism about avoiding a funding lapse, driving strong safe-haven demand for gold as investors seek protection against potential economic disruption and heightened policy uncertainty. Fed rate cut expectations remain a key pillar of support, with markets pricing in additional easing by year-end as lower interest rates reduce the opportunity cost of holding non-yielding assets like gold, making it increasingly attractive to investors. The weakening US Dollar, with the DXY at four-day lows in the 97.60-97.70 band, further boosts gold's appeal for international buyers and provides additional upward momentum. If the government shuts down and the September nonfarm payrolls report is delayed as expected, market uncertainty could intensify further, with some analysts suggesting this delay might be favourable by potentially sparing the market from seeing August's already weak 22,000 payroll number potentially turn negative. Central bank buying continues to provide crucial structural support, with major central banks maintaining their gold accumulation programs throughout 2025 as part of ongoing diversification strategies, creating persistent institutional demand that establishes a firm foundation under prices even during potential profit-taking episodes.

Technical Outlook

- Stochastic is moving inside the overbought area.
- Price is moving higher above the 20-period moving average.
- Gold moved strongly higher and broke the all-time high above 3870.

Key Levels to Watch

Resistance: 3897.27; 3928.44
Support: 3820.11; 3783.01

Conclusion

Gold is trading at record highs near $3,864 with strong bullish momentum intact, as the Stochastic in overbought territory and price well above the 20-period moving average indicate stretched conditions, though the fundamental drivers remain exceptionally supportive. The government shutdown scenario, Fed easing expectations, and USD weakness create a powerful bullish combination supporting further gains. Immediate resistance lies at 3897.27, with 3928.44 representing the next major target if momentum continues. Support has now shifted higher to 3820.11, with stronger support at 3783.01, as the former resistance around $3,833 now serves as psychological support. While technical indicators suggest caution about chasing prices at these elevated levels, the fundamental backdrop remains highly supportive of additional gains. Any pullback toward 3820 could offer better entry opportunities for investors not yet positioned in the precious metal.

GBP/USD

Previous Session Overview

GBP/USD consolidated on Tuesday, staying between previous support and resistance levels. Currently trading at 1.3438.

Market Outlook

The Pound Sterling rose to multi-day highs on Tuesday, flirting with the 1.3460 level in response to persistent selling pressure hurting the Greenback as government shutdown concerns intensify and Fed rate cut expectations remain elevated. The federal government funding deadline passed at midnight with no resolution in sight, with President Trump indicating a shutdown is "probably likely" while Congressional leaders from both parties continue pointing fingers at each other over responsibility for the impasse. Today's UK economic calendar features Nationwide Housing Prices data followed by the final S&P Global Manufacturing PMI, releases that will provide important insights into the health of the UK economy, particularly the housing sector which has been under sustained pressure from elevated interest rates throughout 2025. The stock market is taking the prospect of a government shutdown largely in stride, with historical data showing stoppages have had negligible market impact when they last less than two weeks, though concerns exist that this shutdown could be particularly harmful if the Trump administration follows through with threatened mass firings of federal workers or if it extends beyond the two-week threshold. The lack of Friday's NFP report, if the shutdown proceeds as expected, creates significant uncertainty around the Fed's policy trajectory, with some analysts suggesting this delay might actually benefit markets by postponing potential disappointment from weak employment data that could have shown further deterioration from August's already disappointing 22,000 job additions. This uncertainty environment tends to favour non-USD currencies like the Pound as investors seek alternatives to dollar exposure.

Technical Outlook

- Stochastic moved lower from the overbought area
- Price is consolidating around the 20-period moving average.
- This suggests a pause in momentum after recent gains.

Key Levels to Watch

Resistance: 1.3533; 1.3615
Support: 1.3338; 1.3259

Conclusion

GBP/USD is consolidating around the 20-period moving average at 1.3438, with the Stochastic pulling back from overbought levels after testing multi-day highs near 1.3460, suggesting near-term consolidation is underway. The technical picture indicates a pause in momentum, but the broader trend remains constructive as long as the pair holds above key support levels. Today's UK housing and manufacturing data will serve as important catalysts for direction. A sustained break above 1.3533 could open the door to 1.3615, while support at 1.3338 should contain any downside pressure. The government shutdown situation continues to weigh heavily on USD sentiment, providing underlying support for Cable and suggesting the pair looks poised to test higher levels if dollar weakness persists.

SPX/USD (S&P 500)

Previous Session Overview

The S&P 500 consolidated on Tuesday, staying between previous support and resistance levels. Currently trading at 6662.07.

Market Outlook

Stocks closed higher on Tuesday, with the S&P 500 climbing 0.41% to 6,688.46 as investors moved past immediate worries about a potential US government shutdown and logged an unusually strong September performance. The Dow Jones Industrial Average advanced to a fresh closing high at 46,397.89, while the Nasdaq Composite climbed 0.31% to finish at 22,660.01, reflecting broad-based gains across major indices. The market is taking the shutdown prospect in stride, with historical data showing negligible impact from government stoppages that last less than two weeks, as Adam Crisafulli of Vital Knowledge noted that "the market widely expected a shutdown to happen, so investors are largely sitting tight for now, but if this extends beyond two weeks, people will start to become more concerned." Nvidia provided a bright spot during Tuesday's session, rising in sympathy with CoreWeave's announcement of a $14.2 billion artificial intelligence cloud infrastructure deal with Meta Platforms, demonstrating continued strength in AI infrastructure spending despite recent concerns about the sector's momentum and sustainability. Tuesday marked the end of both September and Q3 with impressive results across the board. For September, the S&P 500 increased more than 3% versus a historical average 4.2% decline, the Dow gained 2%, and the Nasdaq outperformed with a 5.6% gain. For Q3, the S&P 500 advanced almost 8%, the Nasdaq notched over 11%, and the Dow posted more than 5% for its fifth consecutive quarterly gain. However, underlying concerns remain about slowing labour market dynamics, stagflation risks, and elevated stock valuations that could present challenges if economic conditions deteriorate.

Technical Outlook

- Stochastic moved lower from the overbought area
- Price is consolidating slightly above the 20-period moving average.
- This suggests healthy consolidation after strong monthly and quarterly gains.

Key Levels to Watch

Resistance: 6700.80; 6735.31
Support: 6630.35; 6597.16

Conclusion

The S&P 500 is consolidating slightly above the 20-period moving average at 6662.07, with the Stochastic pulling back from overbought levels following a strong September and Q3 performance that exceeded historical norms. The technical picture remains constructive, with price holding comfortably above key moving averages. Immediate resistance at 6700.80 represents the next hurdle for bulls, while support at 6630.35 should contain any pullbacks, with stronger support at 6597.16. The market has demonstrated notable resilience in the face of government shutdown concerns, though extended disruption or disappointing economic data could test this resolve. Today's ADP employment and ISM Manufacturing data will provide important economic signals ahead of the delayed NFP report, potentially influencing near-term direction.

USO/USD (WTI CRUDE OIL)

Previous Session Overview

USO/USD moved lower on Tuesday, reaching below previous support levels. Currently trading at 62.26.

Market Outlook

WTI prices dropped further on Tuesday, confronting six-day lows near the $62.00 mark per barrel as traders assessed the likelihood of a potentially larger output hike by OPEC+, with the persistent decline reflecting growing oversupply concerns that are overwhelming geopolitical risk premiums from Middle East tensions. The selloff has pushed WTI below the psychologically important $63.00 level, indicating that traders are increasingly focused on supply dynamics rather than geopolitical developments, as reports suggest OPEC+ may be considering larger production increases than previously anticipated, which would add significant supply to an already well-supplied global market. Fundamental pressures continue to mount across the sector. US shale production faces serious breakeven challenges with current prices near $62, as costs have risen toward $70 per barrel for new wells according to Enverus data, potentially limiting production growth. Canadian producers remain constrained by the 10% US tariff on energy imports, limiting their ability to capitalize on any price recovery and creating structural disadvantages in North American markets. The government shutdown scenario adds another layer of uncertainty to the market outlook. If the shutdown proceeds as expected, the EIA's weekly crude oil stockpiles report scheduled for today may be delayed or not released at all, reducing market transparency at a critical time. This data vacuum could increase volatility as traders operate with less information about real-time supply-demand dynamics. Today's EIA report, if released, will be crucial in determining near-term direction, with a larger-than-expected inventory build reinforcing oversupply concerns and pressuring prices lower, while a significant draw might provide temporary support and slow the recent decline.

Technical Outlook

- Stochastic is moving inside the oversold area.
- Price is consolidating below the 20-period moving average.
- This indicates sustained bearish pressure but potential for technical bounce.

Key Levels to Watch

Resistance: 62.97; 63.67
Support: 61.67; 60.91

Conclusion

WTI crude oil is trading near six-day lows at $62.26, well below the 20-period moving average, with the Stochastic in oversold territory suggesting selling momentum may be nearing exhaustion in the near term. The break below the psychologically important $63.00 level confirms the bearish technical picture and opens the door to further downside. Immediate support lies at 61.67, with 60.91 representing the next major level if selling pressure continues. Any recovery attempt will face immediate resistance at 62.97 and stronger resistance at 63.67. The fundamental backdrop remains challenging, with OPEC+ production increase speculation outweighing geopolitical risks. While oversold conditions suggest potential for a technical bounce, the path of least resistance remains lower unless there is a significant supply disruption or positive demand catalyst. Traders should monitor the EIA data closely for potential near-term direction.

Key events for today and tomorrow (GMT+8):

Date	Time	Currency	Events	Forecast	Previous
1 Oct	12:15	USD	ADP Non-Farm Employment Change	53K	54K
	14:00	USD	ISM Manufacturing PMI	49.1	48.7
2 Oct	06:30	CHF	CPI m/m	-0.2%	-0.1%
	12:30	USD	Unemployment Claims	229K	218K