

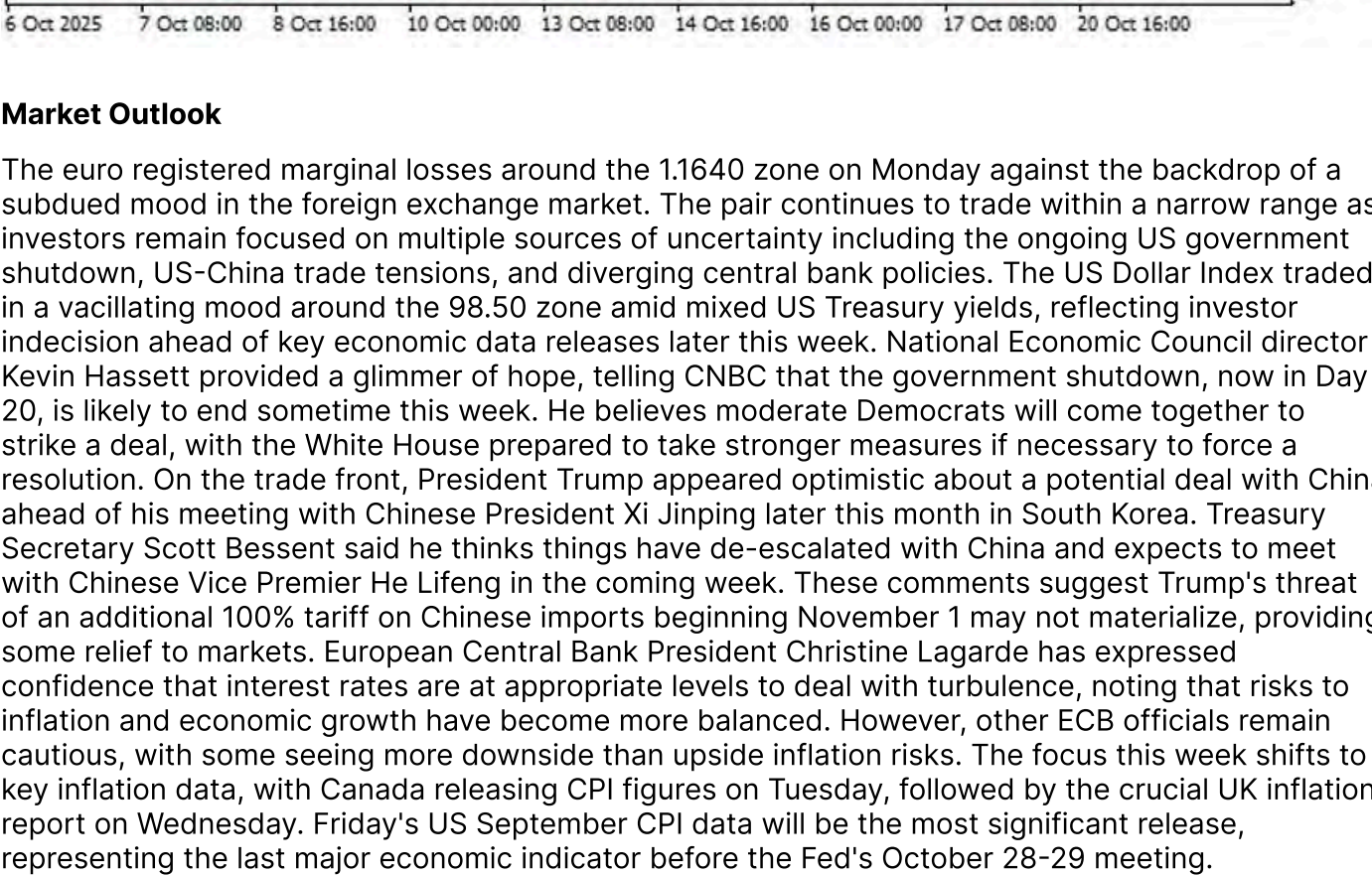
TECHNICAL ANALYSIS REPORT

T U E S D A Y , O C T O B E R 2 1 2 0 2 5

EUR/USD

Previous Session Overview

EUR/USD consolidated on Monday, staying between previous support and resistance levels. Currently trading at 1.1633.



The euro registered marginal losses around the 1.1640 zone on Monday against the backdrop of a subdued mood in the foreign exchange market. The pair continues to trade within a narrow range as investors remain focused on multiple sources of uncertainty including the ongoing US government shutdown, US-China trade tensions, and diverging central bank policies. The US Dollar Index traded in a vacillating mood around the 98.50 zone amid mixed US Treasury yields, reflecting investor indecision ahead of key economic data releases later this week. National Economic Council director Kevin Hassett provided a glimmer of hope, telling CNBC that the government shutdown, now in Day 20, is likely to end sometime this week. He believes moderate Democrats will come together to strike a deal, with the White House prepared to take stronger measures if necessary to force a resolution. On the trade front, President Trump appeared optimistic about a potential deal with China ahead of his meeting with Chinese President Xi Jinping later this month in South Korea. Treasury Secretary Scott Bessent said he thinks things have de-escalated with China and expects to meet with Chinese Vice Premier He Lifeng in the coming week. These comments suggest Trump's threat of an additional 100% tariff on Chinese imports beginning November 1 may not materialize, providing some relief to markets. European Central Bank President Christine Lagarde has expressed confidence that interest rates are at appropriate levels to deal with turbulence, noting that risks to inflation and economic growth have become more balanced. However, other ECB officials remain cautious, with some seeing more downside than upside inflation risks. The focus this week shifts to key inflation data, with Canada releasing CPI figures on Tuesday, followed by the crucial UK inflation report on Wednesday. Friday's US September CPI data will be the most significant release, representing the last major economic indicator before the Fed's October 28-29 meeting.

Technical Outlook

- Stochastic is moving lower towards the oversold area.
- Price is consolidating slightly below the 20-period moving average.
- This setup suggests weakening momentum with potential for further downside.

Key Levels to Watch

Resistance: 1.1710; 1.1758
Support: 1.1604; 1.1550

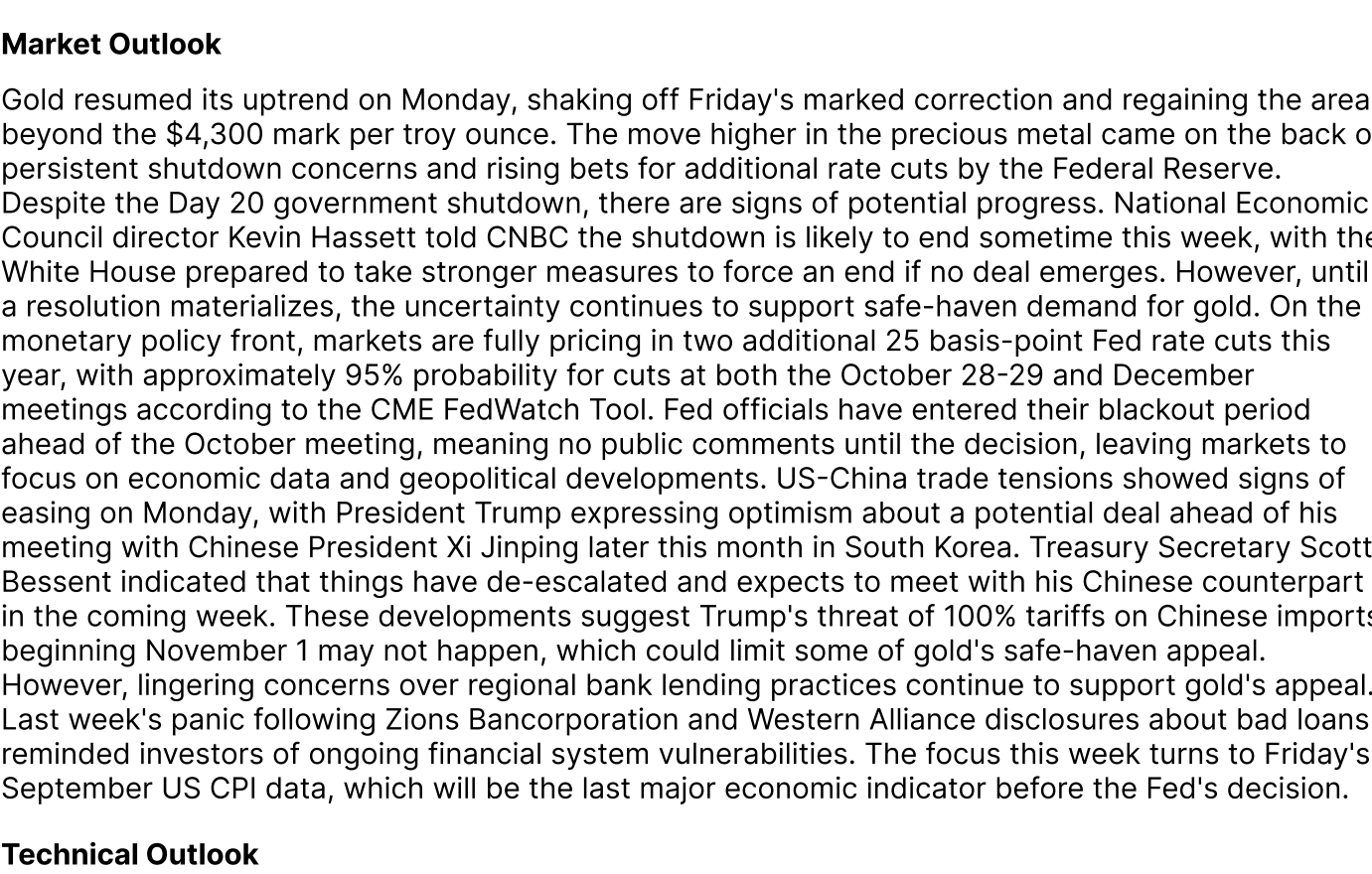
Conclusion

EUR/USD remains under mild pressure, consolidating slightly below the 20-period moving average at 1.1633 as the Stochastic indicator moves toward oversold territory. This technical configuration suggests diminishing bullish momentum and potential for further corrective moves. The pair needs to reclaim the 20-period moving average and break above 1.1710 resistance to resume its uptrend toward 1.1758. Failure to hold above 1.1604 support could accelerate the decline toward 1.1550. With limited Eurozone data this week, the pair's direction will depend on USD dynamics driven by shutdown resolution hopes, US-China trade developments, and Friday's crucial US inflation data. The market remains in a wait-and-see mode, with traders reluctant to take strong directional bets ahead of key catalysts later in the week.

GOLD (XAU/USD)

Previous Session Overview

Gold moved higher on Monday, reaching above previous resistance levels. Currently trading at 4348.84.



Market Outlook

Gold resumed its uptrend on Monday, shaking off Friday's marked correction and regaining the area beyond the \$4,300 mark per troy ounce. The move higher in the precious metal came on the back of persistent shutdown concerns and rising bets for additional rate cuts by the Federal Reserve. Despite the Day 20 government shutdown, there are signs of potential progress. National Economic Council director Kevin Hassett told CNBC the shutdown is likely to end sometime this week, with the White House prepared to take stronger measures to force an end if no deal emerges. However, until a resolution materializes, the uncertainty continues to support safe-haven demand for gold. On the monetary policy front, markets are fully pricing in two additional 25 basis-point Fed rate cuts this year, with approximately 95% probability for cuts at both the October 28-29 and December meetings according to the CME FedWatch Tool. Fed officials have entered their blackout period ahead of the October meeting, meaning no public comments until the decision, leaving markets to focus on economic data and geopolitical developments. US-China trade tensions showed signs of easing on Monday, with President Trump expressing optimism about a potential deal ahead of his meeting with Chinese President Xi Jinping later this month in South Korea. Treasury Secretary Scott Bessent indicated that things have de-escalated and expects to meet with his Chinese counterpart in the coming week. These developments suggest Trump's threat of 100% tariffs on Chinese imports beginning November 1 may not happen, which could limit some of gold's safe-haven appeal. However, lingering concerns over regional bank lending practices continue to support gold's appeal. Last week's panic following Zions Bancorporation and Western Alliance disclosures about bad loans reminded investors of ongoing financial system vulnerabilities. The focus this week turns to Friday's September US CPI data, which will be the last major economic indicator before the Fed's decision.

Technical Outlook

- Stochastic is moving higher towards the overbought area.
- Price is moving higher above the 20-period moving average.
- This indicates strong bullish momentum that may be approaching exhaustion.

Key Levels to Watch

Resistance: 4428.98; 4513.74
Support: 4293.91; 4203.85

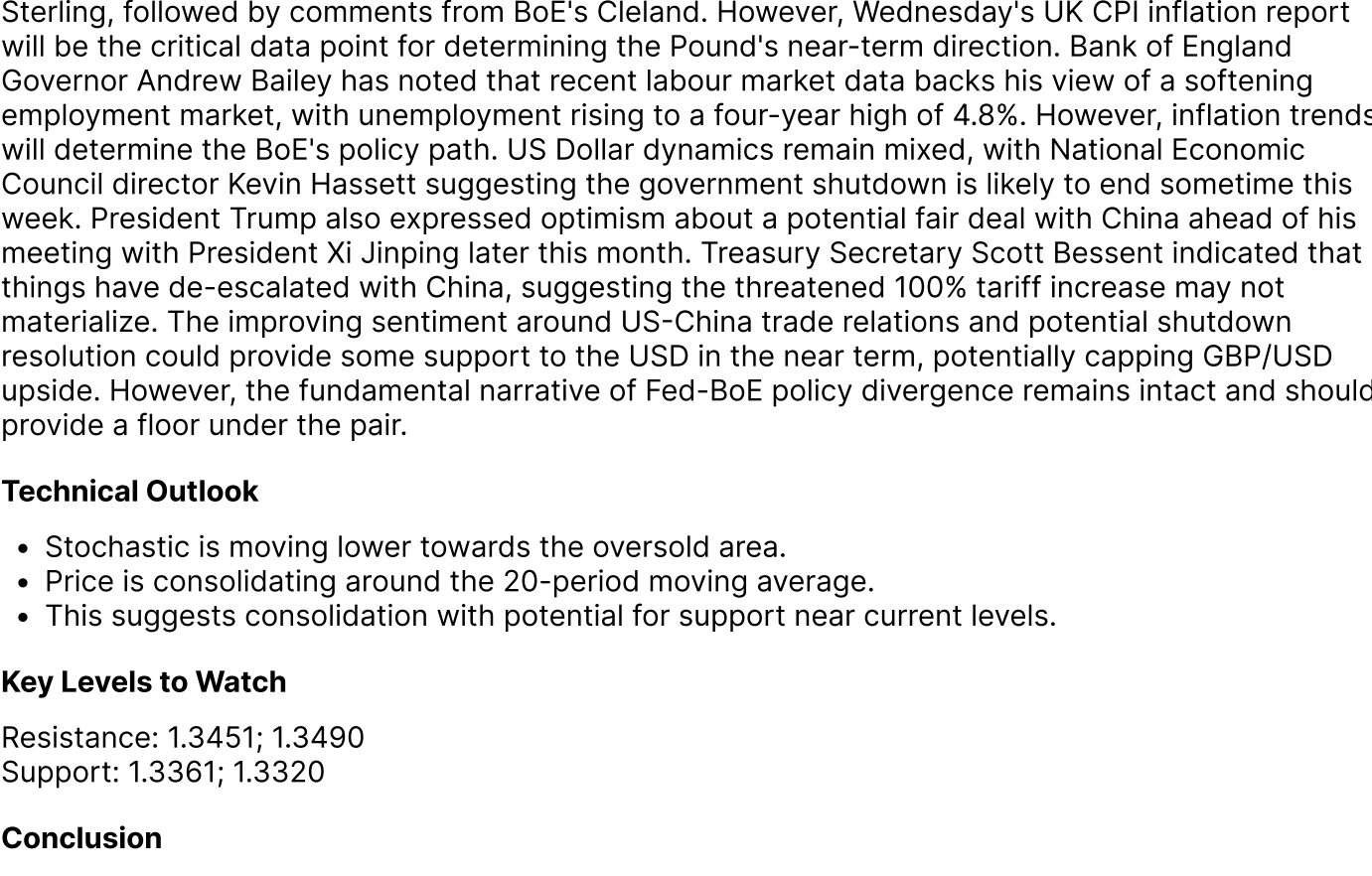
Conclusion

Gold has resumed its powerful uptrend, trading well above the 20-period moving average at 4348.84 with the Stochastic indicator advancing toward overbought territory. This technical configuration confirms strong bullish momentum, though overbought conditions suggest the rally may be approaching a pause. Immediate resistance lies at 4428.98, with a break potentially targeting the 4513.74 level and challenging the recent all-time highs. Support at 4293.91 should contain any pullbacks, with stronger support at 4203.85. The precious metal remains well-supported by multiple factors including Fed rate cut expectations, government shutdown uncertainty, and lingering financial system concerns. However, improving US-China trade sentiment and potential shutdown resolution could trigger profit-taking. Friday's US inflation data will be crucial in determining whether gold can push to new record highs or if a deeper correction emerges.

GBP/USD

Previous Session Overview

GBP/USD consolidated lower on Monday, reaching near previous support levels. Currently trading at 1.3389.



Market Outlook

Sterling traded water near the 1.3400 level on Monday amid a slight uptick in the US Dollar and general consolidation following last week's strong recovery rally. The pair found itself in a holding pattern as traders await key economic data releases, particularly the crucial UK inflation report due Wednesday. The Pound Sterling's recent strength against the USD has been driven primarily by expectations of diverging monetary policy paths between the Federal Reserve and Bank of England. While markets are pricing in approximately 95% probability of Fed rate cuts at both October and December meetings, the BoE is expected to maintain a more hawkish stance given stickier UK inflation dynamics. Monday's UK Public Sector Net Borrowing figures will take centre stage for Sterling, followed by comments from BoE's Cleland. However, Wednesday's UK CPI inflation report will be the critical data point for determining the Pound's near-term direction. Bank of England Governor Andrew Bailey has noted that recent labour market data backs his view of a softening employment market, with unemployment rising to a four-year high of 4.8%. However, inflation trends will determine the BoE's policy path. US Dollar dynamics remain mixed, with National Economic Council director Kevin Hassett suggesting the government shutdown is likely to end sometime this week. President Trump also expressed optimism about a potential fair deal with China ahead of his meeting with President Xi Jinping later this month. Treasury Secretary Scott Bessent indicated that things have de-escalated with China, suggesting the threatened 100% tariff increase may not materialize. The improving sentiment around US-China trade relations and potential shutdown resolution could provide some support to the USD in the near term, potentially capping GBP/USD upside. However, the fundamental narrative of Fed-BoE policy divergence remains intact and should provide a floor under the pair.

Technical Outlook

- Stochastic is moving lower towards the oversold area.
- Price is consolidating around the 20-period moving average.
- This suggests consolidation with potential for support near current levels.

Key Levels to Watch

Resistance: 1.3451; 1.3490
Support: 1.3361; 1.3320

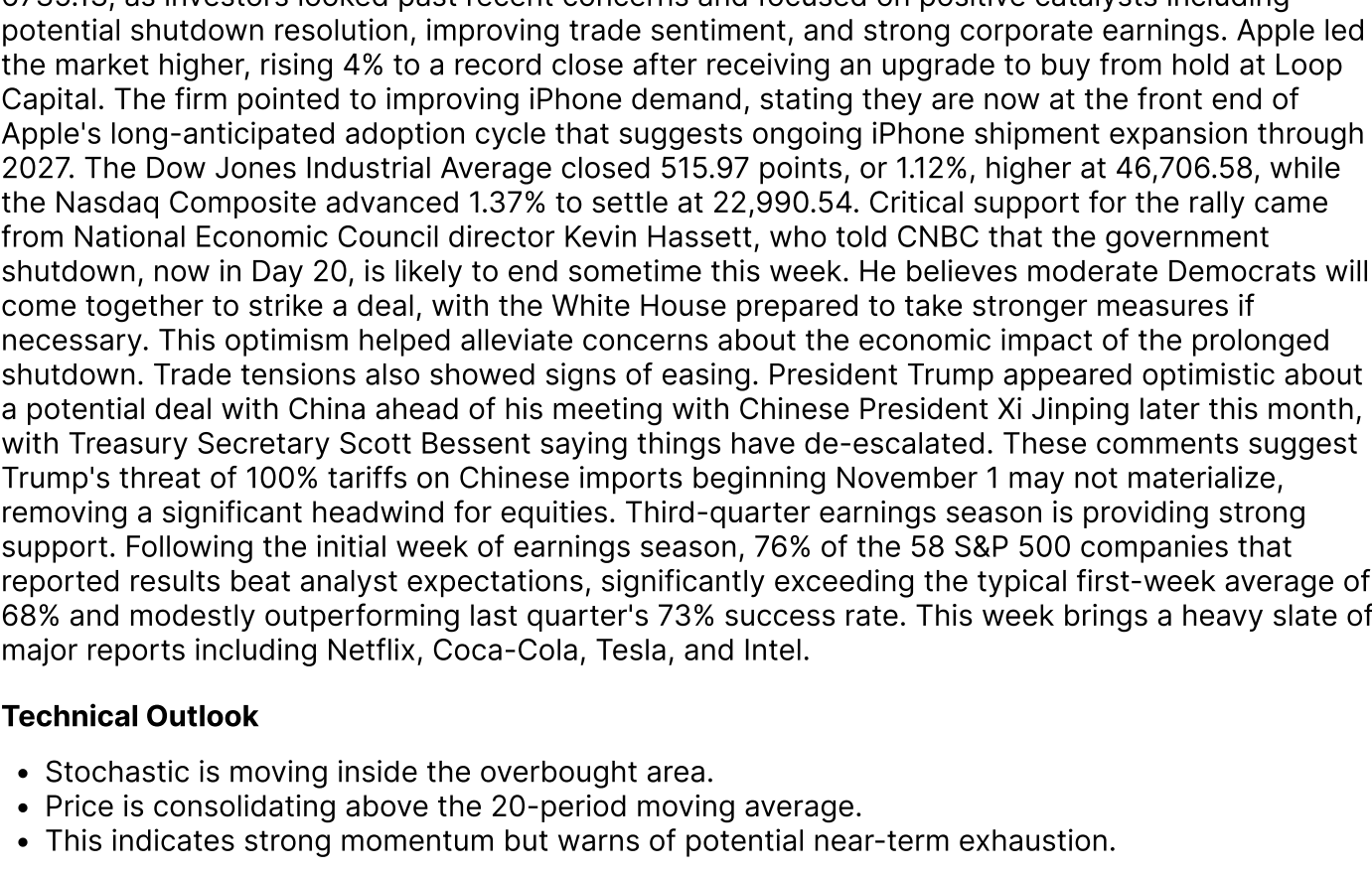
Conclusion

GBP/USD is consolidating around the 20-period moving average at 1.3389 following last week's impressive recovery rally, with the Stochastic indicator moving toward oversold territory. This technical configuration suggests the pullback may be losing momentum, potentially setting up for renewed upside. The pair needs to hold above the 20-period moving average and reclaim 1.3451 resistance to target 1.3490 and the 1.3500 psychological threshold. Support at 1.3361 is critical, with a break below potentially triggering a deeper correction toward 1.3320. Wednesday's UK CPI report will be pivotal for Sterling direction, while Friday's US inflation data will also be key. The overall technical and fundamental setup still favours dip-buying opportunities as long as the Fed-BoE policy divergence narrative remains intact.

SPX/USD (S&P 500)

Previous Session Overview

The S&P 500 moved higher on Monday, reaching above previous resistance levels. Currently trading at 6749.40.



Market Outlook

US equity markets moved decisively higher on Monday, with the S&P 500 climbing 1.07% to settle at 6735.13, as investors looked past recent concerns and focused on positive catalysts including potential shutdown resolution, improving trade sentiment, and strong corporate earnings. Apple led the market higher, rising 4% to a record close after receiving an upgrade to buy from hold at Loop Capital. The firm pointed to improving iPhone demand, stating they are now at the front end of Apple's long-anticipated adoption cycle that suggests ongoing iPhone shipment expansion through 2027. The Dow Jones Industrial Average closed 515.97 points, or 1.12%, higher at 46,706.58, while the Nasdaq Composite advanced 1.37% to settle at 22,990.54. Critical support for the rally came from National Economic Council director Kevin Hassett, who told CNBC that the government shutdown, now in Day 20, is likely to end sometime this week. He believes moderate Democrats will come together to strike a deal, with the White House prepared to take stronger measures if necessary. This optimism helped allayed concerns about the economic impact of the prolonged shutdown. Trade tensions also showed signs of easing. President Trump appeared optimistic about a potential deal with China ahead of his meeting with Chinese President Xi Jinping later this month, with Treasury Secretary Scott Bessent saying things have de-escalated. These comments suggest Trump's threat of 100% tariffs on Chinese imports beginning November 1 may not materialize, removing a significant headwind for equities. Third-quarter earnings season is providing strong support. Following the initial week of earnings season, 76% of the 58 S&P 500 companies that reported results beat analyst expectations, significantly exceeding the typical first-week average of 68% and modestly outperforming last quarter's 73% success rate. This week brings a heavy slate of major reports including Netflix, Coca-Cola, Tesla, and Intel.

Technical Outlook

- Stochastic is moving inside the overbought area.
- Price is consolidating above the 20-period moving average.
- This indicates strong momentum but warns of potential near-term exhaustion.

Key Levels to Watch

Resistance: 6811.44; 6876.68
Support: 6680.55; 6614.33

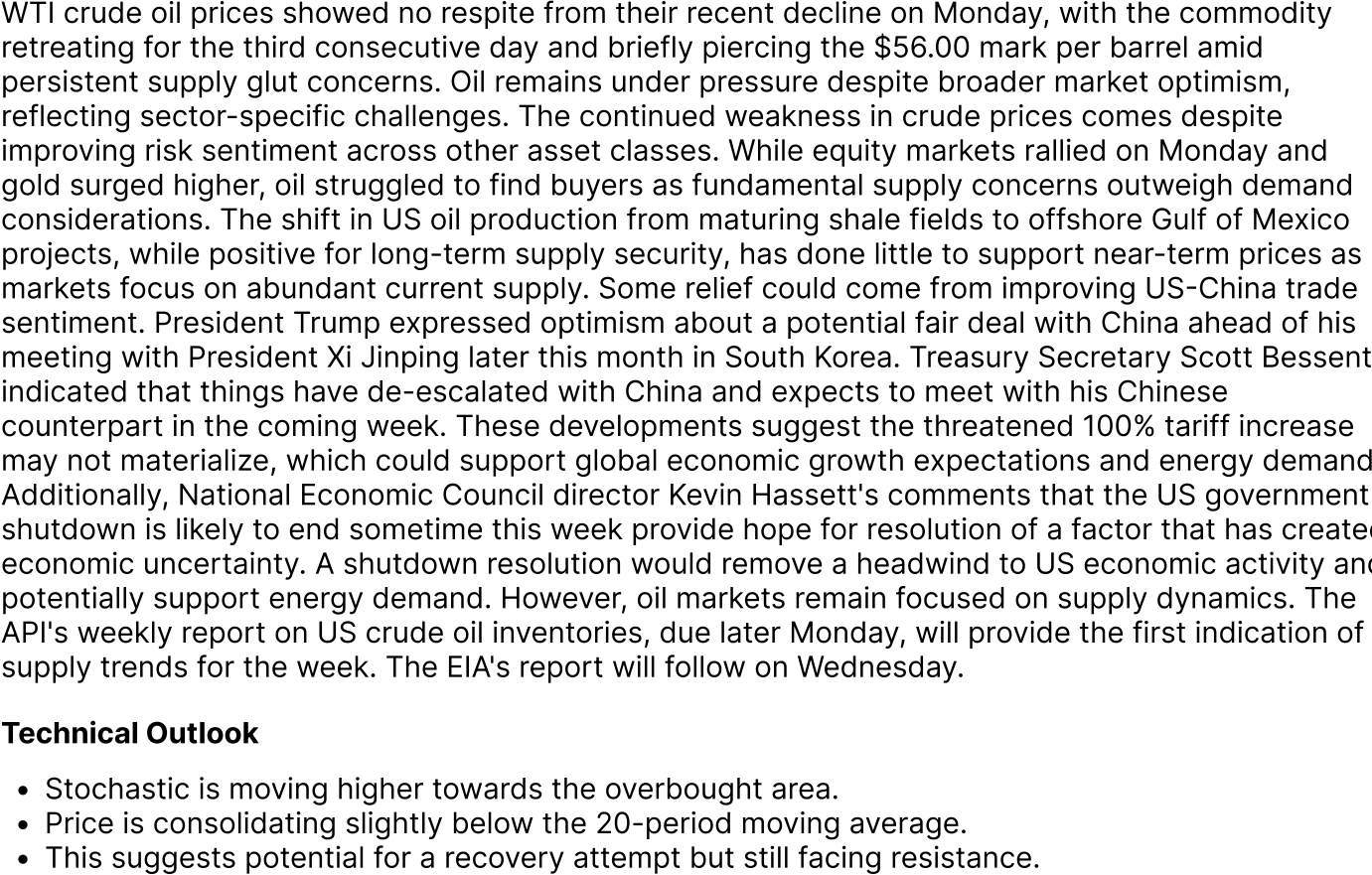
Conclusion

The S&P 500 continues its advance above the 20-period moving average at 6749.40, with the Stochastic indicator now in overbought territory signalling strong bullish momentum but also warning of potential near-term consolidation. Monday's broad-based rally on improved sentiment regarding the shutdown and trade tensions suggests the index could test resistance at 6811.44, with further upside potential toward 6876.68 if earnings continue to impress. Support at 6680.55 should contain any profit-taking, with stronger support at 6614.33. The fundamental backdrop has improved significantly with strong earnings, potential shutdown resolution this week, de-escalating US-China tensions, and expectations for Fed rate cuts. However, overbought technical conditions suggest consolidation could emerge before the next leg higher. Key catalysts this week include major earnings reports and Friday's US CPI data.

USO/USD (WTI CRUDE OIL)

Previous Session Overview

USO/USD consolidated on Monday, staying between previous support and resistance levels. Currently trading at 56.82.



Market Outlook

WTI crude oil prices showed no respite from their recent decline on Monday, with the commodity retreating for the third consecutive day and briefly piercing the \$56.00 mark per barrel amid persistent supply glut concerns. Oil remains under pressure despite broader market optimism, reflecting sector-specific challenges. The continued weakness in crude prices comes despite improving risk sentiment across other asset classes. While equity markets rallied on Monday and gold surged higher, oil struggled to find buyers as fundamental supply concerns outweigh demand considerations. The shift in US oil production from maturing shale fields to offshore Gulf of Mexico projects, while positive for long-term supply security, has done little to support near-term prices as markets focus on abundant current supply. Some relief could come from improving US-China trade sentiment. President Trump expressed optimism about a potential fair deal with China ahead of his meeting with President Xi Jinping later this month in South Korea. Treasury Secretary Scott Bessent indicated that things have de-escalated with China and expects to meet with his Chinese counterpart in the coming week. These developments suggest the threatened 100% tariff increase may not materialize, which could support global economic growth expectations and energy demand. Additionally, National Economic Council director Kevin Hassett's comments that the US government shutdown is likely to end sometime this week provide hope for resolution of a factor that has created economic uncertainty. A shutdown resolution would remove a headwind to US economic activity and potentially support energy demand. However, oil markets remain focused on supply dynamics. The API's weekly report on US crude oil inventories, due later Monday, will provide the final indication of supply trends for the week. The EIA's report will follow on Wednesday.

Technical Outlook

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

Key Levels to Watch

Resistance: 58.17; 59.33
Support: 55.78; 54.60

Conclusion

WTI crude oil remains under pressure, consolidating slightly below the 20-period moving average at 56.82 despite the Stochastic indicator moving toward overbought territory. This technical divergence suggests a potential recovery attempt, but oil needs to reclaim the 20-period moving average and break above 58.17 resistance to confirm a reversal. The brief dip below \$56.00 tested support at 55.78, which must hold to prevent a deeper decline toward 54.60. The broader picture remains challenging with supply glut concerns dominating, though improving US-China trade sentiment and potential shutdown resolution could provide some support. This week's API and EIA inventory reports will be critical in determining near-term direction. The technical setup suggests cautious optimism for a bounce given oversold condition, but sustained upside requires a fundamental catalyst.

Key events for today and tomorrow (GMT):

Date	Time	Currency	Events	Forecast	Previous
21 Oct	12:30	CAD	CPI m/m	-0.1%	-0.1%
	12:30	CAD	Median CPI y/y	3.0%	3.1%
	12:30	CAD	Trimmed CPI y/y	3.0%	3.0%
22 Oct	06:00	GBP	CPI y/y	4.0%	3.8%