

TECHNICAL

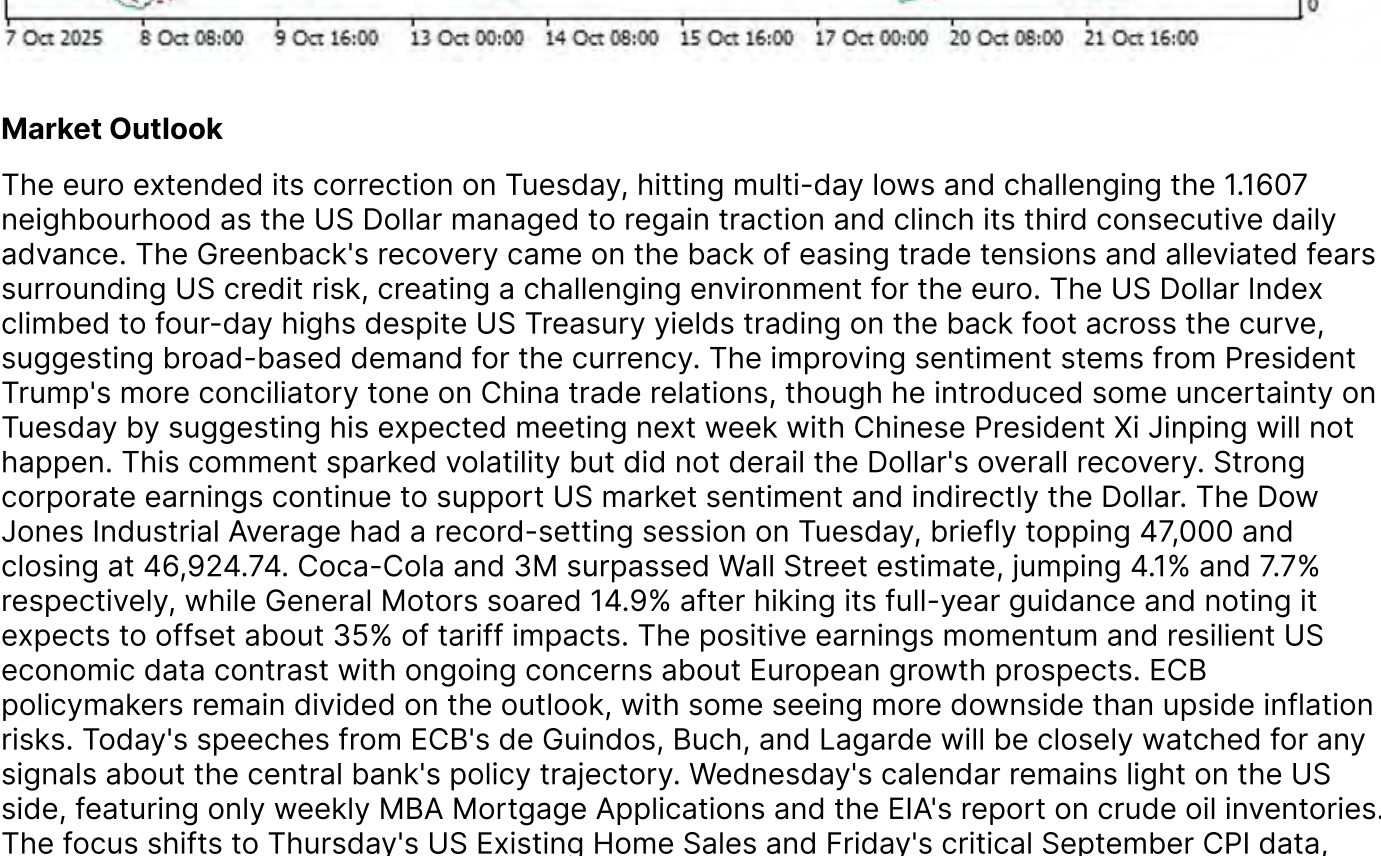
ANALYSIS REPORT

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EUR/USD

Previous Session Overview

EUR/USD moved lower on Tuesday, reaching below previous support levels. Currently trading at 1.1607.



Market Outlook

The euro extended its correction on Tuesday, hitting multi-day lows and challenging the 1.1607 neighbourhood as the US Dollar managed to regain traction and clinch its third consecutive daily advance. The Greenback's recovery came on the back of easing trade tensions and alleviated fears surrounding US credit risk, creating a challenging environment for the euro. The US Dollar Index climbed to four-day highs despite US Treasury yields trading on the back foot across the curve, suggesting broad-based demand for the currency. The improving sentiment stems from President Trump's more conciliatory tone on China trade relations, though he introduced some uncertainty on Tuesday by suggesting his expected meeting next week with Chinese President Xi Jinping will not happen. This comment sparked volatility but did not derail the Dollar's overall recovery. Strong corporate earnings continue to support US market sentiment and indirectly the Dollar. The Dow Jones Industrial Average had a record-setting session on Tuesday, briefly topping 47,000 and closing at 46,924.74. Coca-Cola and 3M surpassed Wall Street estimate, jumping 4.1% and 7.7% respectively, while General Motors soared 14.9% after hiking its full-year guidance and noting it expects to offset about 35% of tariff impacts. The positive earnings momentum and resilient US economic data contrast with ongoing concerns about European growth prospects. ECB policymakers remain divided on the outlook, with some seeing more downside than upside inflation risks. Today's speeches from ECB's de Guindos, Buch, and Lagarde will be closely watched for any signals about the central bank's policy trajectory. Wednesday's calendar remains light on the US side, featuring only weekly MBA Mortgage Applications and the EIA's report on crude oil inventories. The focus shifts to Thursday's US Existing Home Sales and Friday's critical September CPI data, which will be the last major economic indicator before the Fed's October 28-29 meeting.

Technical Outlook

- Stochastic is moving inside the oversold area.
- Price is moving lower below the 20-period moving average.
- This setup indicates bearish momentum but severely oversold conditions.

Key Levels to Watch

Resistance: 1.1656; 1.1723
Support: 1.1545; 1.1475

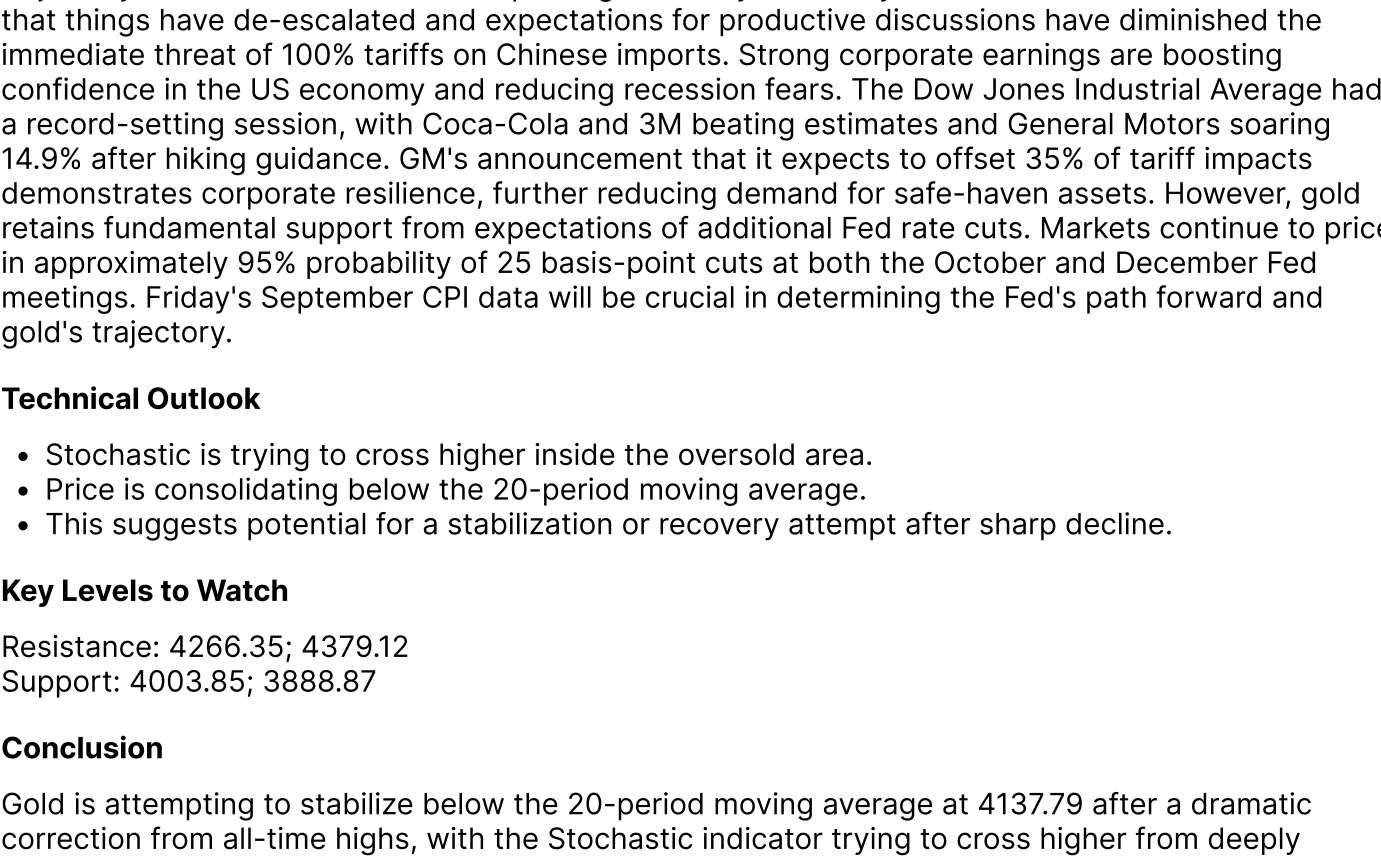
Conclusion

EUR/USD has broken below the 20-period moving average and accelerated lower to test the critical 1.1607 support level, with the Stochastic indicator now in deeply oversold territory. This technical configuration suggests the correction has been overdone in the short term, potentially setting up conditions for a technical bounce. However, the momentum clearly favours the downside if price remains below the 20-period moving average. The 1.1607 level is psychologically important - a sustained break below could trigger further selling toward 1.1545 and potentially 1.1475. Any recovery attempts will face immediate resistance at 1.1656, with stronger barriers at 1.1723. The oversold conditions warrant caution for new short positions, though the fundamental picture has shifted in favour of USD strength with improving trade sentiment and strong US corporate earnings. ECB speakers today could provide catalyst for either a bounce or further weakness, while traders will be positioning ahead of Friday's crucial US inflation data.

GOLD (XAU/USD)

Previous Session Overview

Gold moved lower on Tuesday, reaching below previous support levels. Currently trading at 4137.79.



Market Outlook

Gold has embarked on a deep correction soon after hitting all-time highs, coming close to the \$4,100 region per troy ounce amid a firm US Dollar and easing trade concerns. The sharp reversal from Monday's highs above \$4,360 represents one of gold's most significant intraday corrections in recent months. The precious metal's decline is primarily driven by a marked recovery in the US Dollar, which clinched its third consecutive daily advance on Tuesday despite Treasury yields trading lower. The Greenback's strength stems from alleviated fears surrounding US credit risk following better-than-expected earnings from regional banks like Zions Bancorp, which reported third-quarter profits rising despite earlier concerns about bad loans. Easing trade tensions have also reduced safe-haven demand for gold. While President Trump introduced some uncertainty on Tuesday by suggesting his meeting with Chinese President Xi Jinping next week will not happen, the overall trajectory of US-China relations is improving. Treasury Secretary Scott Bessent's earlier comments that things have de-escalated and expectations for productive discussions have diminished the immediate threat of 100% tariffs on Chinese imports. Strong corporate earnings are boosting confidence in the US economy and reducing recession fears. The Dow Jones Industrial Average had a record-setting session, with Coca-Cola and 3M beating estimates and General Motors soaring 14.9% after hiking guidance. GM's announcement that it expects to offset 35% of tariff impacts demonstrates corporate resilience, further reducing demand for safe-haven assets. However, gold retains fundamental support from expectations of additional Fed rate cuts. Markets continue to price in approximately 95% probability of 25 basis-point cuts at both the October and December Fed meetings. Friday's September CPI data will be crucial in determining the Fed's path forward and gold's trajectory.

Technical Outlook

- Stochastic is trying to cross higher inside the oversold area.
- Price is consolidating below the 20-period moving average.
- This suggests potential for a stabilization or recovery attempt after sharp decline.

Key Levels to Watch

Resistance: 4266.35; 4379.12
Support: 4003.85; 3888.87

Conclusion

Gold is attempting to stabilize below the 20-period moving average at 4137.79 after a dramatic correction from all-time highs, with the Stochastic indicator trying to cross higher from deeply oversold territory. This technical configuration suggests the selling pressure may be exhausting, though a confirmed reversal requires price to reclaim the 20-period moving average. The psychological \$4,100 level is critical support - holding above it would suggest the correction is a healthy pullback within an uptrend, while a break below could accelerate losses toward 4003.85 and potentially 3888.87. Resistance at 4266.35 must be cleared to signal renewed upside momentum toward 4379.12. The fundamental picture has shifted against gold in the short term with USD strength and easing trade fears, but medium-term support remains from Fed rate cut expectations. Friday's US CPI data will be pivotal in determining direction. The severely oversold technical conditions suggest caution for aggressive selling at current levels.

GBP/USD

Previous Session Overview

GBP/USD moved lower on Tuesday, reaching previous support levels. Currently trading at 1.3373.



Market Outlook

Sterling remained on the back foot on Tuesday, breaking below the key 1.3400 support level to reach multi-day troughs as the US Dollar's recovery gathered momentum. The pair is now approaching a critical juncture ahead of today's UK inflation data, which will be pivotal in determining Sterling's near-term direction. The Pound's weakness primarily reflects broad-based US Dollar strength rather than Sterling-specific factors. The Greenback clinched its third consecutive daily advance on Tuesday, supported by easing trade tensions and strong US corporate earnings. The Dow Jones Industrial Average set a record high, briefly topping 47,000, with impressive results from Coca-Cola, 3M, and particularly General Motors, which soared 14.9% after hiking guidance and demonstrating resilience to tariff impacts. Today's UK inflation report takes centre stage and could be a notable change for GBP/USD. Bank of England Governor Andrew Bailey has noted a softening labour market, with unemployment rising to a four-year high of 4.8% and wage growth declining to 4.7%. However, the BoE's policy path depends on inflation dynamics. Stronger-than-expected inflation would reinforce expectations that the BoE will maintain a more hawkish stance relative to the Fed, potentially supporting Sterling recovery. Conversely, softer inflation could trigger further selling pressure as it would give the BoE more room to cut rates. The Federal Reserve remains on track for additional rate cuts, with markets pricing in approximately 95% probability of 25 basis-point cuts at both October and December meetings. This Fed-BoE policy divergence narrative has been a key support for GBP/USD, but it requires UK inflation to remain sticky enough to constrain BoE easing. President Trump introduced some uncertainty on Tuesday by suggesting his meeting with Chinese President Xi Jinping next week will not happen, which sparked brief volatility.

Technical Outlook

- Stochastic is moving inside the oversold area.
- Price is moving lower below the 20-period moving average.
- This indicates bearish pressure but severely oversold conditions.

Key Levels to Watch

Resistance: 1.3400; 1.3432
Support: 1.3335; 1.3304

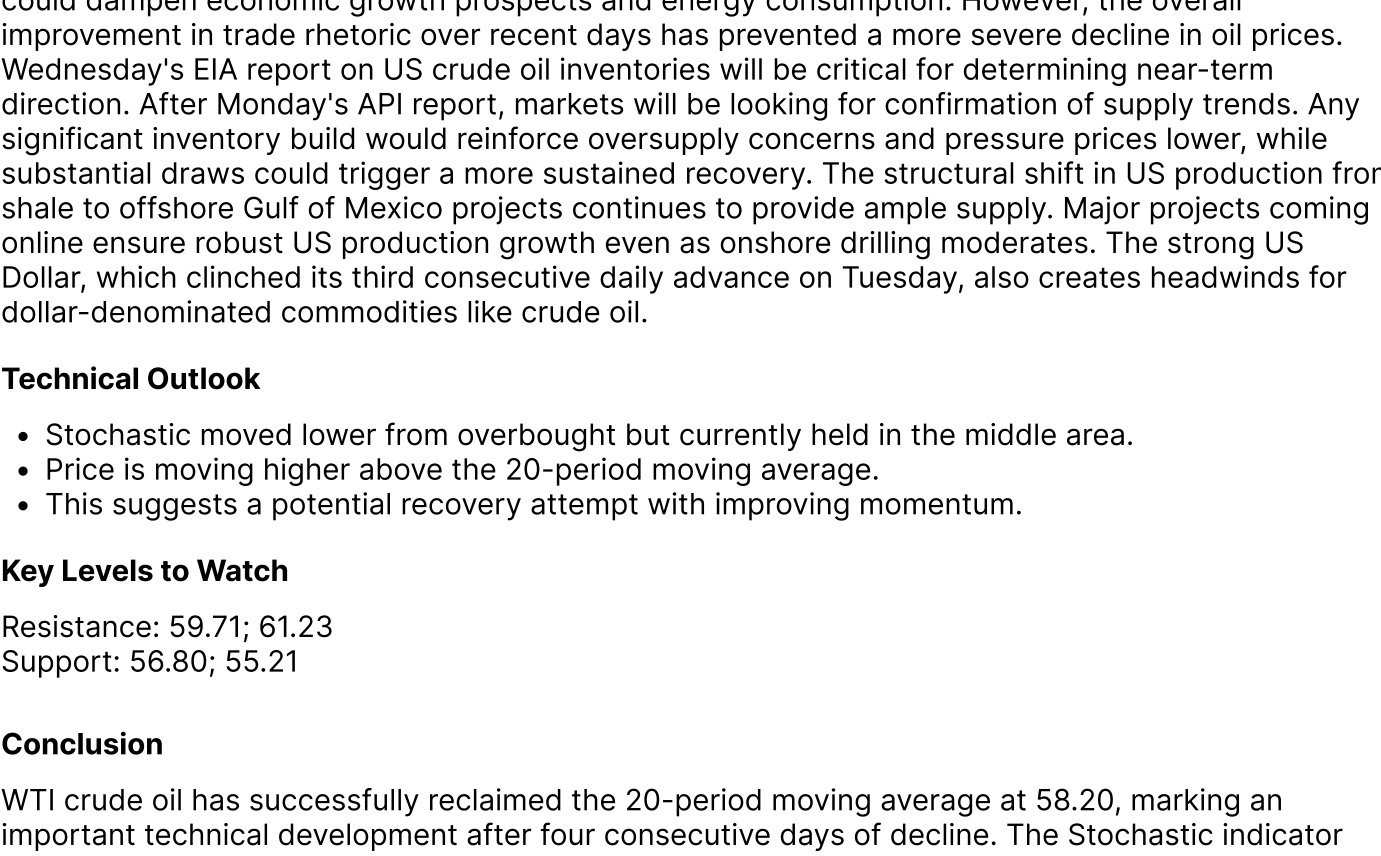
Conclusion

GBP/USD has broken below the 20-period moving average and the critical 1.3400 support level, with the Stochastic indicator in deeply oversold territory at 1.3373 signalling extreme selling pressure. The pair now trades at multi-day lows, with immediate support at 1.3335 becoming crucial. A break below could accelerate losses toward 1.3304. The 1.3400 level, former support, has now become resistance that must be reclaimed to stabilize the technical outlook. Today's UK inflation data will be pivotal - stronger-than-expected CPI would validate the Fed-BoE divergence narrative and trigger a sharp recovery toward 1.3432 and beyond. Softer inflation could extend the decline as it would reduce BoE hawkishness. The severely oversold technical conditions suggest limited downside risk from current levels and potential for a bounce, particularly if UK inflation surprises to the upside. However, sustainable recovery requires breaking back above 1.3400 and the 20-period moving average.

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 6742.84.



Market Outlook

The S&P 500 closed just above the flatline on Tuesday at 6735.35, showing resilience despite some headwinds from the technology sector. The session highlighted a rotation from tech stocks into old economy and industrial names, with the Dow Jones Industrial Average having a record-setting day, gaining 218.16 points to close at 46,924.74 and briefly topping the 47,000 milestone. Strong corporate earnings continue to drive market optimism. Coca-Cola and 3M supported the Dow's advance after surpassing Wall Street estimates, jumping 4.1% and 7.7%, respectively. The standout performer was General Motors, which soared 14.9% after hiking its full-year guidance and topping estimates. Crucially, GM announced it expects to offset about 35% of the tariff impact, demonstrating corporate America's ability to navigate the challenging trade environment. Zions Bancorp gained more than 1% after reporting third-quarter profits that rose year-over-year, despite disclosing bad loans that had sparked a broader market rout late last week. This recovery signals that concerns over regional bank credit risk may have been overdone. However, tech stocks took a hit during Tuesday's session after President Trump sparked uncertainty about his expected meeting next week with Chinese President Xi Jinping by stating it will not happen. As a result, the Nasdaq Composite lagged, falling 0.16% to 22,953.67. Alphabet and Broadcom were each down around 2%, while Nvidia pulled back 1%. Tech investors are particularly sensitive to China relations as they count on friendlier ties that lower tariff rates and keep the semiconductor industry out of the trade conflict. The earnings calendar remains packed this week, with Tesla reporting after Wednesday's close, followed by Intel on Thursday. These reports from Magnificent 7 and semiconductor names will be crucial given recent tech sector underperformance.

Technical Outlook

- Stochastic moved lower from overbought but currently held in the middle area.
- Price is consolidating above the 20-period moving average.
- This suggests healthy consolidation within an uptrend.

Key Levels to Watch

Resistance: 6811.44; 6876.68
Support: 6680.55; 6614.33

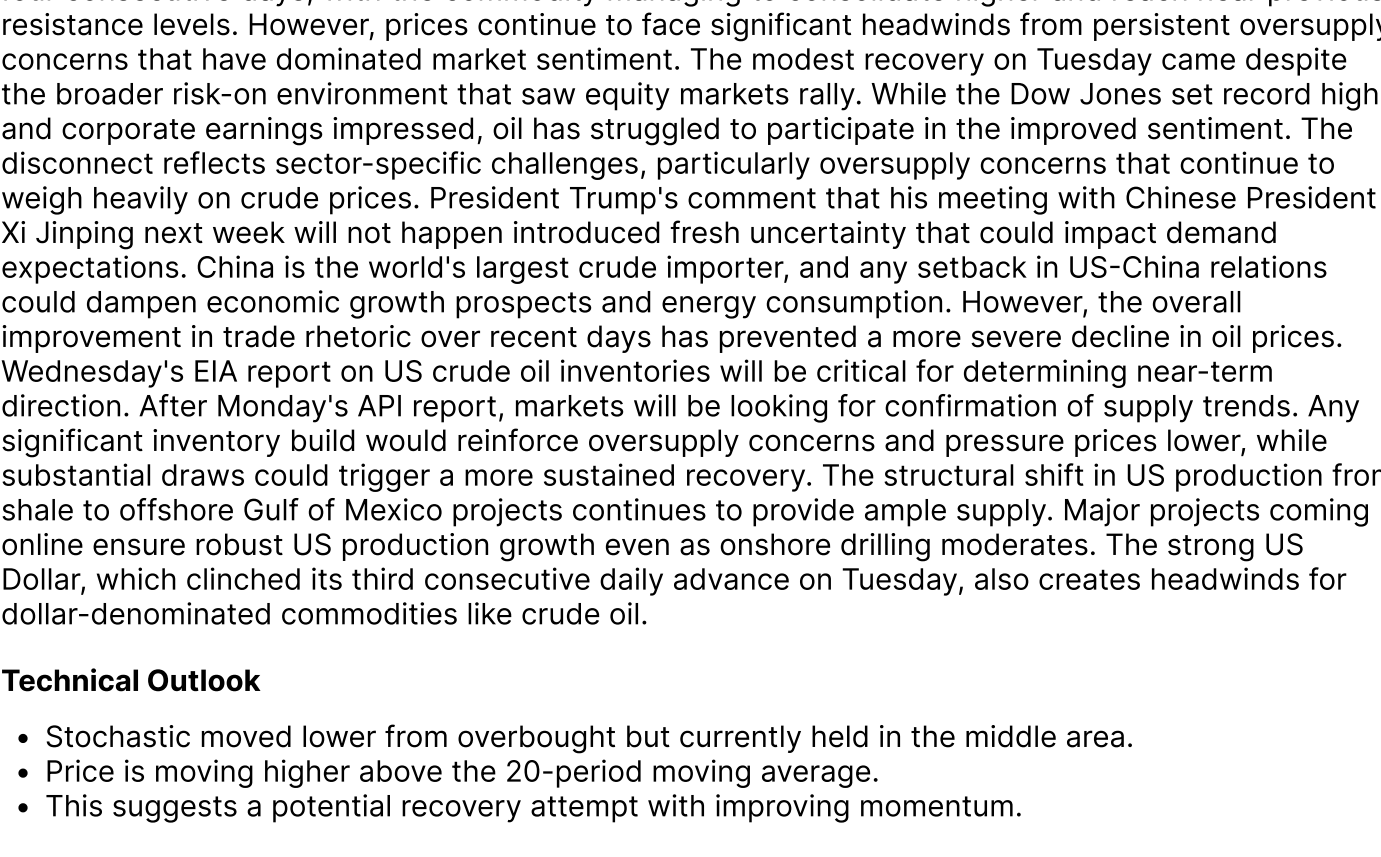
Conclusion

The S&P 500 is consolidating above the 20-period moving average at 6742.84 in a healthy digestion of recent gains, with the Stochastic indicator settling in neutral territory after retreating from overbought levels. This technical configuration suggests the index is building energy for the next directional move rather than rolling over. The divergence between the tech-setting Dow and the lagging Nasdaq reflects sector rotation and mixed sentiment around tech stocks given China trade uncertainty. Support at 6680.55 should contain any pullbacks, with the 20-period moving average providing additional support. Resistance at 6811.44 remains the next upside target, with a break potentially opening the path toward 6876.68. The fundamental backdrop remains constructive with strong earnings continuing, though tech sector concerns warrant monitoring. Tesla's results Wednesday evening and Intel's Thursday will be critical for determining if tech can participate in positive. As long as price holds above the 20-period moving average, the outlook remains positive.

USO/USD (WTI CRUDE OIL)

Previous Session Overview

USO/USD consolidated higher on Tuesday, reaching near previous resistance levels. Currently trading at 58.20.



Market Outlook

WTI crude oil prices showed signs of stabilization on Tuesday after extending their downtrend for four consecutive days, with the commodity managing to consolidate higher and reach near previous resistance levels. However, prices continue to face significant headwinds from persistent oversupply concerns that have dominated market sentiment. The modest recovery on Tuesday came despite the broader risk-on environment that saw equity markets rally. While the Dow Jones set record high and corporate earnings impressed, oil has struggled to participate in the improved sentiment. The disconnect reflects sector-specific challenges, particularly oversupply concerns that continue to weigh heavily on crude prices. President Trump's comment that his meeting with Chinese President Xi Jinping next week will not happen introduced fresh uncertainty that could impact demand expectations. China is the world's largest crude importer, and any setback in US-China relations could dampen economic growth prospects and energy consumption. However, the overall improvement in trade rhetoric over recent days has prevented a more severe decline in oil prices. Wednesday's EIA report on US crude oil inventories will be critical for determining near-term direction. After Monday's API report, markets will be looking for confirmation of supply trends. Any significant inventory build would reinforce oversupply concerns and pressure prices lower, while substantial draws could trigger a more sustained recovery. The structural shift in US production from shale to offshore Gulf of Mexico projects continues to provide ample supply. Major projects coming online ensure robust US production growth even as onshore drilling moderates. The strong US Dollar, which clinched its third consecutive daily advance on Tuesday, also creates headwinds for dollar-denominated commodities like crude oil.

Technical Outlook

- Stochastic moved lower from overbought but currently held in the middle area.
- Price is moving higher above the 20-period moving average.
- This suggests a potential recovery attempt with improving momentum.

Key Levels to Watch

Resistance: 59.71; 61.23
Support: 56.80; 55.21

Conclusion

WTI crude oil has successfully reclaimed the 20-period moving average at 58.20, marking an important technical development after four consecutive days of decline. The Stochastic indicator settling in neutral territory after retreating from overbought levels suggests potential for further upside if momentum can build. Immediate resistance at 59.71 is the next target, with a break potentially opening the path toward 61.23. Support at 56.80 must hold to maintain the recovery attempt, with stronger support at 55.21. The fundamental picture remains challenging with oversupply concerns dominating, though the technical bounce suggests short-term oversold conditions have been corrected. Wednesday's EIA inventory report will be crucial in determining direction. The strong USD and trade uncertainty around the Trump-XI meeting provide additional headwinds. However, if price remains above the 20-period moving average and above 56.80 support, the overall market bias has shifted to cautiously bullish.

Key events for today and tomorrow (GMT):

Date	Time	Currency	Events	Forecast	Previous
22 Oct	06:00	GBP	CPI y/y	4.0%	3.8%
23 Oct			No Key Events for Thursday		