MH Markets

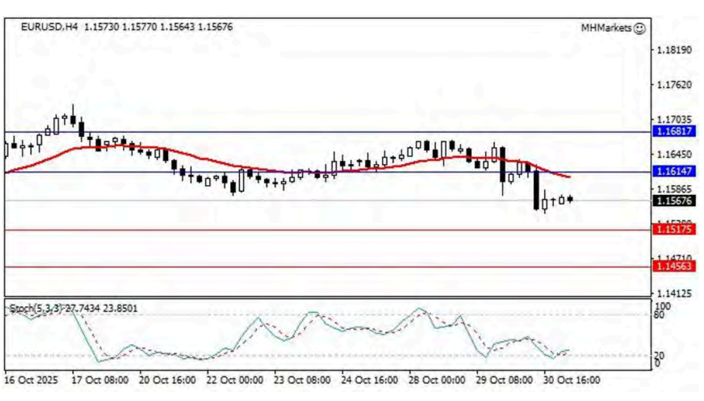
# TECHNICAL
ANALYSIS REPORT

FRIDAY, OCTOBER 31 2025

## EUR/USD

### Previous Session Overview

EUR/USD moved lower on Thursday, reaching previous support levels. Currently trading at 1.1567.




**Market Outlook**

The euro extended its decline through Thursday's session, hitting fresh two-week lows despite the completion of the meeting between leaders in South Korea. The pair's weakness reflects the continued dominance of US Dollar strength following Federal Reserve Chair Powell's hawkish pivot, which has fundamentally altered market expectations for the December meeting. Markets paid little attention to Thursday's European Central Bank interest rate decision, which maintained rates as expected. The ECB has explicitly stated it is comfortable with current rates and does not plan immediate action, providing no counterweight to the Fed's hawkish tilt. President Lagarde's commentary offered no surprises, leaving EUR/USD vulnerable to continued Dollar strength. The US-China trade deal announced on Thursday provided some positive backdrop but failed to lift EUR/USD. The agreement saw fentanyl tariffs on China cut to 10%, bringing the overall levy on Chinese imports to 47% from 57%. As part of the deal, Beijing will work to stop fentanyl flows into the US and buy American-grown soybeans along with other agricultural goods. However, other areas such as the export of semiconductor chips and the social media divestiture remain unresolved. While China's Ministry of Commerce said the country is willing to work with the US to resolve related issues, the ministry did not provide further details. The partial nature of the agreement and remaining unresolved issues have tempered enthusiasm. Today's European calendar features the preliminary Inflation Rate in the euro bloc as the salient event, seconded by Retail Sales in Germany. These data points will be crucial for assessing the Eurozone's economic health and inflation trajectory. If inflation comes in softer than expected, it could reinforce expectations for further ECB easing and pressure EUR/USD lower. Conversely, sticky inflation might provide some support by reducing ECB dovish bets. From the US side, the Chicago PMI will wrap up the calendar, followed by speeches by Fed officials. Any reinforcement of Powell's hawkish message could extend the Dollar's rally.

**Technical Outlook**

- Stochastic is trying to cross higher inside the oversold area.
- Price is consolidating below the 20-period moving average.
- This suggests extreme oversold conditions but persistent bearish momentum from Fed repricing.

**Key Levels to Watch**

Resistance: 1.1615; 1.1682
Support: 1.1517; 1.1450

**Conclusion**

## GOLD (XAU/USD)

### Previous Session Overview

Gold moved higher on Thursday, reaching above previous resistance levels. Currently trading at 3997.43.


**Market Outlook**

Gold regained some traction on Thursday following four consecutive daily declines, staging an impressive recovery that pushed prices above the critical $4,000 mark per troy ounce. However, a convincing and sustained move above this key psychological level remained elusive as the session ended, leaving the precious metal in a precarious technical position. The recovery came despite the US Dollar adding to Wednesday's post-Fed strong rebound and climbing to fresh two-month highs past 99.70. The Dollar's strength, typically a headwind for gold, was offset by a combination of factors including profit-taking exhaustion after the four-day decline from record highs and some safe-haven demand triggered by the mixed reception of the US-China trade deal. The meeting between leaders concluded on Thursday with a partial agreement. Fentanyl tariffs on China were cut to 10%, bringing the overall levy on Chinese imports to 47% from 57%. China will work to stop fentanyl flows and buy American agricultural goods, while delaying rare earth export curbs by a year. However, critical issues remain unresolved, including semiconductor chip exports and social media divestiture. The partial and incomplete nature of the trade deal has introduced renewed uncertainty, supporting gold's safe-haven appeal. While the agreement removed some immediate trade war risks, the unresolved issues—particularly around technology and semiconductors—suggest ongoing geopolitical friction that could support gold demand. Gold's recovery also benefited from a technical oversold bounce. The precious metal had fallen over $450 from its record high of $4,381 to below $3,950, representing a severe correction that liquidated many long positions. The sharp rebound on Thursday suggests buyers viewed the sub-$4,000 levels as attractive entry points, though conviction remains questionable given the inability to hold decisively above $4,000. The Federal Reserve's hawkish pivot continues to create crosscurrents for gold. While higher rates typically pressure the non-yielding metal, the uncertainty about future Fed policy and ongoing geopolitical tensions provide support. US Treasury yields surged across the curve, with the 10-year back above 4%, but gold's recovery suggests the market is weighing multiple factors beyond just rate differentials. Today's calendar features limited major catalysts, with the Chicago PMI and speeches by Fed officials due. Any reinforcement of Powell's hawkish message could pressure gold, while dovish commentary might provide support.

**Technical Outlook**

- Stochastic is moving inside the overbought area.
- Price is moving higher above the 20-period moving average.
- This indicates strong recovery momentum but overbought conditions suggesting caution.

**Key Levels to Watch**

Resistance: 4110.16; 4174.43
Support: 3964.10; 3906.19

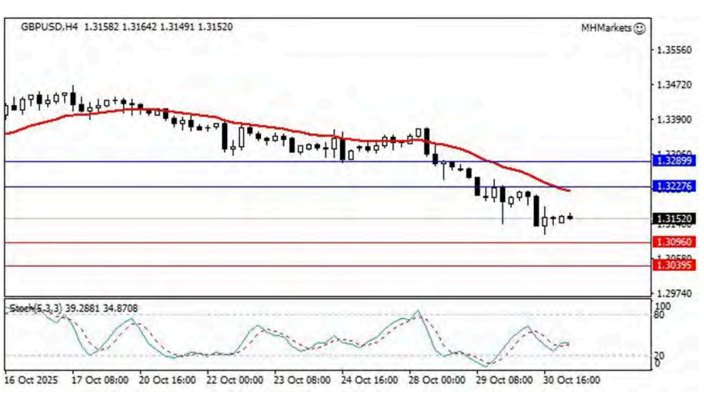
**Conclusion**

Gold's technical picture has improved dramatically following Thursday's strong recovery, with prices reclaiming the 20-period moving average and the critical $4,000 psychological level. The Stochastic indicator moving into overbought territory reflects the strength of the bounce but also warns that the recovery may be overextended in the near term. The recapture of the 20-period moving average is a significant bullish development that negates some of the technical damage from the four-day decline. However, the inability to close decisively above $4,000 suggests some hesitation at this level. Immediate resistance at 4110.16 represents the next hurdle, with a break potentially opening the door to 4174.43 and a challenge of the recent highs. Support at 3964.10 must hold to maintain the bullish recovery, with stronger backing at 3906.19. The $4,000 level remains the critical battleground—sustained trading above it would signal the correction is complete and a resumption of the uptrend is possible. The partial US-China trade deal provides a mixed picture for gold. While the agreement reduces some immediate tail risks, the unresolved issues around technology and semiconductors maintain geopolitical uncertainty that supports safe-haven demand. The rapid $450 decline followed by Thursday's sharp recovery suggests gold remains in a volatile but bullish trend.

## GBP/USD

### Previous Session Overview

GBP/USD moved lower on Thursday, reaching previous support levels. Currently trading at 1.3152.




**Market Outlook**

The Pound Sterling collapsed to levels last seen in early April near 1.3120 on Thursday in response to the sharp uptick in the US Dollar and persistent expectations of a rate cut by the Bank of England in December. Sterling has been caught in a perfect storm of Dollar strength and domestic weakness, with the pair breaking through multiple support levels to reach multi-month lows. The US Dollar added to Wednesday's post-Fed strong rebound and climbed to fresh two-month highs as market participants continued to process Fed Chair Powell's hawkish message that a December rate cut is not a foregone conclusion. The Dollar Index advanced past 99.70, helped by surging US Treasury yields across the curve, with the 10-year back above 4%. This repricing of Fed expectations—from near certainty of a December cut to significant doubt—has given the Dollar relentless momentum. On the Sterling side, expectations of a Bank of England rate cut in December remain elevated at around 61%, creating a stark and widening policy divergence with the Federal Reserve. The BoE's dovish expectations stem from softer inflation data and signs of weakening economic momentum, giving the central bank room to ease. This contrasts sharply with the Fed's newly cautious stance, where inflation concerns are preventing more aggressive easing despite some labour market softness. The technical breakdown to levels last seen in early April—over six months ago—represents a significant shift in the pair's trajectory and suggests this is more than just a correction. The collapse through the 1.3200 level, which had provided support on multiple occasions, and the acceleration toward 1.3100 indicates strong selling pressure and potential for further downside. Today's UK calendar features the Nationwide Housing Prices, which will provide insights into the property market's health. However, this data is unlikely to significantly shift the narrative given the overwhelming influence of central bank policy divergence and Dollar strength. UK housing data has been mixed, and any weakness could reinforce BoE dovish expectations and pressure Sterling further. The US-China trade deal announced Thursday provided some positive global backdrop but failed to lift GBP/USD. Fentanyl tariffs on China were cut to 10%, and China delayed rare earth export curbs. However, unresolved issues around technology exports and social media suggest ongoing trade volatility, which tends to support safe-haven currencies like the Dollar over higher-yielding currencies like Sterling.

**Technical Outlook**

- Stochastic is trying to cross higher near the oversold area.
- Price is consolidating below the 20-period moving average.
- This suggests extreme oversold conditions but persistent bearish momentum from policy divergence.

**Key Levels to Watch**

Resistance: 1.3228; 1.3290
Support: 1.3096; 1.3040

**Conclusion**

GBP/USD's technical picture is deeply bearish, with the pair collapsing to early April levels and trading well below the 20-period moving average. The Stochastic indicator attempting to cross higher from near oversold territory suggests a technical bounce may be imminent, though the fundamental backdrop remains hostile. The breakdown to 1.3120 and approach toward 1.3100 represents a critical juncture—this level has psychological significance and represents technical support from earlier this year. Immediate support at 1.3096 is crucial, with a break potentially accelerating the decline toward 1.3040 and opening the door to the 1.3000 psychological level. On the upside, the pair needs to reclaim the 20-period moving average and break above 1.3228 resistance to signal any meaningful recovery, though this appears unlikely in the current environment. The Fed-BoE policy divergence has become the dominant driver, with markets pricing aggressive easing from the Bank of England while questioning whether the Fed will cut at all in December. The extreme oversold conditions suggest a technical bounce could emerge, particularly if today's Nationwide Housing Prices surprise to the upside or if Fed speakers adopt a more dovish tone. However, any bounce is likely to be met with renewed selling pressure.

## SPX/USD (S&P 500)

### Previous Session Overview

The S&P 500 moved lower on Thursday, reaching below previous support levels. Currently trading at 6875.02.


**Market Outlook**

US equity markets fell on Thursday as investors digested a batch of major technology earnings, marking a notable rotation away from mega-cap technology stocks that have led the market for months. The S&P 500 dipped 0.99% to finish at 6,822.34, representing a significant shift in market leadership following mixed reactions to earnings results from major technology companies. Three major technology giants reported quarterly results after Wednesday's close. While one company's shares popped 2.5% on strong results, two others tumbled more than 11% and 3%, respectively. Investors grew worried about the increased spending outlooks for these companies, particularly regarding their aggressive AI infrastructure investments. The market's negative reaction suggests concerns about the pace and profitability of AI spending are mounting despite strong revenue growth. The drop in major technology stocks marked a clear rotation out of the sector. While tech declined, bank stocks such as major financial institutions saw gains, as did healthcare stocks following stronger-than-expected quarterly results and guidance raises. It is a value day, noted market analysts, and because tech has been leading the market recently, the rotation is a natural, healthy thing, though all signs remain that AI infrastructure spending is extremely strong. The market backdrop has become more challenging following Fed Chair Powell's hawkish pivot on Wednesday when he indicated the central bank may not cut rates again at its December meeting. This removed a key support pillar for elevated valuations, particularly in high-growth technology stocks that benefit most from lower rates. The combination of Fed hawkishness and concerns about tech spending has created a more cautious environment. Trade developments provided a mixed signal. The partial agreement saw fentanyl tariffs on China cut to 10%, bringing overall levies to 47% from 57%. China delayed rare earth export curbs by a year. However, critical issues remain unresolved, including semiconductor chip exports and social media divestiture. The unresolved semiconductor export issues are particularly relevant for the technology sector, with semiconductors being the ball that is being batted around between the two largest economies. If investors want that growth and data centre spending exposure, they must subject themselves to the political volatility, and that is just not going to go away. Today's calendar features the Chicago PMI and speeches from Fed officials. Any reinforcement of Powell's hawkish message could pressure stocks further.

**Technical Outlook**

- Stochastic moved lower from overbought levels but is currently held in the middle area.
- Price is consolidating around the 20-period moving average.
- This indicates loss of momentum with the index testing key technical support.

**Key Levels to Watch**

Resistance: 6928.29; 6986.47
Support: 6812.20; 6755.44

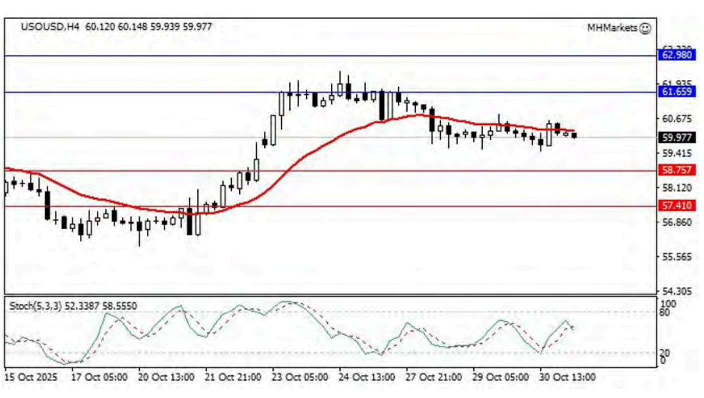
**Conclusion**

The S&P 500's technical picture has weakened following Thursday's decline, with the index now consolidating around the 20-period moving average after breaking below previous support. The Stochastic indicator in neutral territory suggests the market is searching for direction following the tech sector rotation and Fed hawkishness. The index's ability to hold around the 20-period moving average near 6,870 will be critical in determining whether this is a healthy correction or the beginning of deeper weakness. Immediate support at 6812.20 represents a key level—a break below could accelerate selling toward 6755.44 and potentially 6,700. On the upside, the index needs to reclaim 6928.29 resistance to signal recovery, with 6986.47 above. The rotation out of mega-cap technology stocks represents a significant shift, as these companies account for one quarter of the S&P 500's total value. The concern about increased AI spending outlooks suggests the market is questioning whether these massive investments will generate sufficient returns, introducing a new risk factor beyond just valuation. The Fed's hawkish pivot has removed a key support for elevated valuations. Without rate cut support, the market becomes entirely dependent on earnings growth to justify current prices. The partial US-China trade deal removes some tail risk but leaves critical technology-related issues unresolved.

## USO/USD (WTI CRUDE OIL)

### Previous Session Overview

USO/USD consolidated on Thursday, staying between previous support and resistance levels. Currently trading at 59.97.




**Market Outlook**

WTI added to Wednesday's small uptick and approached the $61.00 mark per barrel on Thursday amid traders' assessment of the US-China trade agreement concluded earlier in the day. The modest gains suggest oil is attempting to stabilize around the $60 level following this week's volatility, though the market remains trapped in a narrow range as it weighs competing fundamental factors. The partial trade deal concluded on Thursday has mixed implications for oil markets. Fentanyl tariffs on China were cut to 10%, bringing the overall levy on Chinese imports to 47% from 57%. As part of the agreement, Beijing will work to stop fentanyl flows and buy American-grown soybeans along with other agricultural goods. The deal removes some immediate downside risks for global economic growth by lowering tariff barriers between the world's two largest economies, which should theoretically support oil demand expectations. China's commitment to purchase American agricultural goods also signals improved trade relations that could stabilize broader economic activity. However, critical issues remain unresolved, including semiconductor chip exports and social media divestiture. The incomplete nature of the agreement and ongoing technology export tensions maintain uncertainty about global growth prospects, limiting oil's upside potential. The Federal Reserve's hawkish pivot continues to influence oil markets through its impact on the US Dollar and growth expectations. The Dollar added to Wednesday's post-Fed rebound and climbed to fresh two-month highs past 99.70, with US Treasury yields surging across the curve. A stronger Dollar typically pressures commodity prices by making oil more expensive for international buyers, though this headwind has been offset by the positive trade developments. The fundamental supply-demand picture remains mixed. US crude oil inventories showed a larger-than-expected decline this week, supporting prices by contradicting oversupply fears. The inventory draw demonstrates that sanctions on Russian producers and regional refinery disruptions continue to tighten physical markets despite speculation about OPEC+ production increases. However, the ongoing question about OPEC+ policy keeps a lid on upside. Traders are assessing the likelihood of further oil output hikes by the group, which could overwhelm the market with fresh barrels and pressure prices back toward the mid-$50s. The $60 level has emerged as a critical equilibrium point, supported by Chinese strategic reserve buying and US reserve refill programs providing a floor.

**Technical Outlook**

- Stochastic is moving higher towards the overbought area.
- Price is consolidating around the 20-period moving average.
- This suggests building bullish momentum, but market remains range-bound near $60.

**Key Levels to Watch**

Resistance: 61.66; 62.98
Support: 58.76; 57.41

**Conclusion**

WTI crude oil's technical picture shows modest improvement, with prices consolidating around both the $60 level and the 20-period moving average while the Stochastic indicator advances toward overbought territory. The recovery from this week's lows suggests buyers are defending the $60 level, though the failure to break convincingly above $61 indicates sellers remain active. Immediate resistance at 61.66 needs to be cleared to signal renewed strength toward 62.98 and potentially a challenge of last week's highs above $62. Support at 58.76 remains critical—a break below would accelerate selling toward 57.41 and the mid-$50s. The larger-than-expected inventory draw provides fundamental support and suggests physical markets are tightening despite the price consolidation. This contradicts bearish narratives and could provide a foundation for recovery if confirmed by continued draws in coming weeks. The partial US-China trade deal provides a constructive backdrop by reducing immediate recession risks, though the incomplete agreement and unresolved technology issues maintain uncertainty. The Fed's hawkish shift and resulting Dollar strength at fresh two-month highs creates a significant headwind for oil. However, the commodity's ability to hold $60 despite this Dollar strength demonstrates underlying resilience in physical markets. Oil is consolidating in a $60-$62 range as the market weighs trade deal positives and inventory draws against Fed hawkishness and Dollar strength.

## Key events for today (GMT):

| Date | Time | Currency | Events | Forecast | Previous |
|---|---|---|---|---|---|
| 31 Oct | 12:30 | CAD | GDP m/m | 0.0% | 0.2% |
| | Tentative | USD | Core PCE Price Index m/m | 0.2% | 0.2% |
| | Tentative | USD | Employment Cost Index q/q | 0.9% | 0.9% |