

TECHNICAL

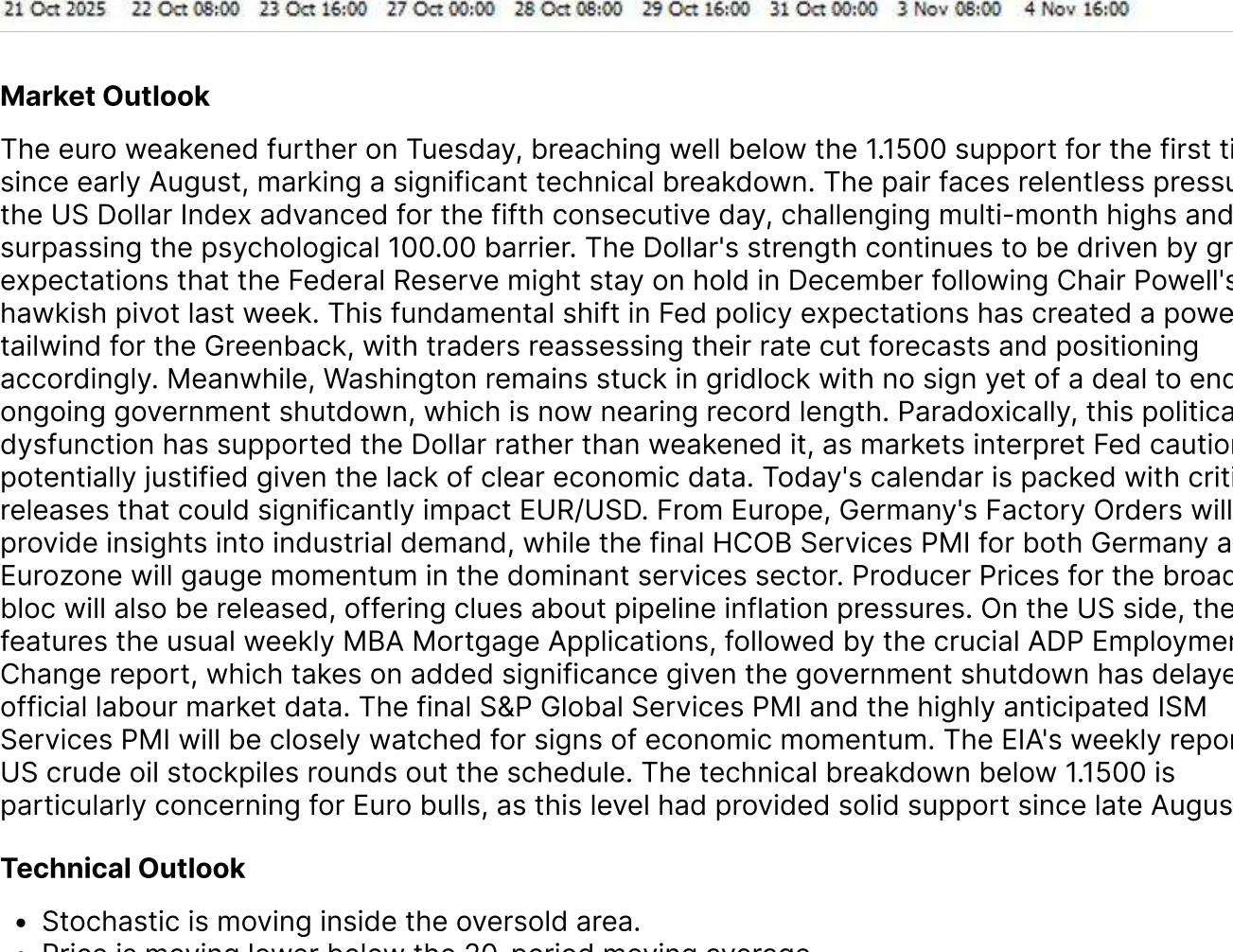
ANALYSIS REPORT

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EUR/USD

Previous Session Overview

EUR/USD moved lower on Tuesday, reaching near previous support levels. Currently trading at 1.1485.



Market Outlook

The euro weakened further on Tuesday, breaching well below the 1.1500 support for the first time since early August, marking a significant technical breakdown. The pair faces relentless pressure as the US Dollar Index advanced for the fifth consecutive day, challenging multi-month highs and finally surpassing the psychological 100.00 barrier. The Dollar's strength continues to be driven by growing expectations that the Federal Reserve might stay on hold in December following Chair Powell's hawkish pivot last week. This fundamental shift in Fed policy expectations has created a powerful tailwind for the Greenback, with traders reassessing their rate cut forecasts and positioning accordingly. Meanwhile, Washington remains stuck in gridlock with no sign yet of a deal to end the ongoing government shutdown, which is now nearing record length. Paradoxically, this political dysfunction has supported the Dollar rather than weakened it, as markets interpret Fed caution as potentially justified given the lack of clear economic data. Today's calendar is packed with critical releases that could significantly impact EUR/USD. From Europe, Germany's Factory Orders will provide insights into industrial demand, while the final HCOB Services PMI for both Germany and the Eurozone will gauge momentum in the dominant services sector. Producer Prices for the broader bloc will also be released, offering clues about pipeline inflation pressures. On the US side, the day features the usual weekly MBA Mortgage Applications, followed by the crucial ADP Employment Change report, which takes on added significance given the government shutdown has delayed official labour market data. The final S&P Global Services PMI and the highly anticipated ISM Services PMI will be closely watched for signs of economic momentum. The EIA's weekly report on US crude oil stockpiles rounds out the schedule. The technical breakdown below 1.1500 is particularly concerning for Euro bulls, as this level had provided solid support since late August.

Technical Outlook

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

Key Levels to Watch

Resistance: 1.1572; 1.1634

Support: 1.1403; 1.1347

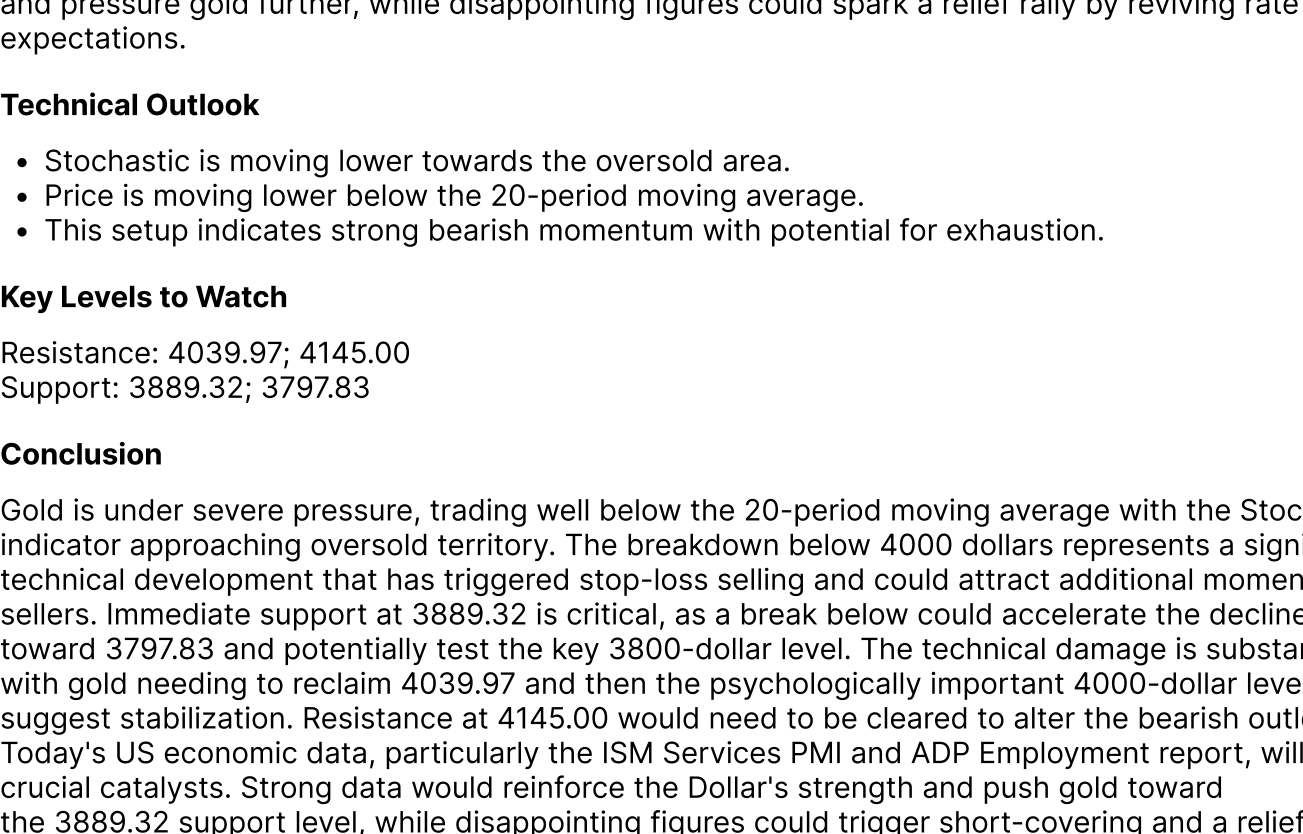
Conclusion

EUR/USD has broken a critical support level and is now in deeply oversold territory, suggesting the selling pressure has been extreme but may be nearing exhaustion. The Stochastic indicator inside the oversold area warns that a technical bounce could be imminent, though the overall trend remains firmly bearish with price well below the 20-period moving average. Immediate support at 1.1403 is now crucial, as a break below could accelerate losses toward 1.1347 and potentially target the August lows. Any recovery attempt will face immediate resistance at the broken 1.1500 level, followed by 1.1572. The pair needs to reclaim 1.1500 decisively to suggest the worst of the selling is over. Today's heavy data calendar, particularly the US ISM Services PMI and ADP Employment report, could provide the catalyst for either a relief rally or further breakdown. Strong US data would extend Dollar strength and push EUR/USD lower, while disappointing figures might trigger a short-covering bounce. The Fed-ECB policy divergence remains the dominant theme, with the Fed's hawkish pause contrasting sharply with the ECB's dovish comfort at current rate levels. Trading strategy should be cautious given extreme oversold conditions, as while the trend is clearly down, chasing shorts at these levels carries elevated risk of a sharp reversal.

GOLD (XAU/USD)

Previous Session Overview

Gold moved lower on Tuesday, reaching near previous support levels. Currently trading at 3962.14.



Market Outlook

Gold declined sharply on Tuesday, retreating to the 3930-dollar area per troy ounce as the stronger US Dollar and diminishing expectations for a December Fed rate cut weighed on the precious metal. The precious metal has now surrendered all its gains from the initial post-tariff safe-haven rally, as the powerful Dollar resurgence and rising Treasury yields create a challenging environment for non-yielding assets. The US Dollar Index's breakthrough above the psychological 100.00 barrier on its fifth consecutive day of gains has been the primary driver of gold's weakness. This Dollar strength, combined with elevated Treasury yields as markets reprice Fed policy expectations, has significantly increased the opportunity cost of holding gold. The fundamental shift in Fed expectations following Chair Powell's hawkish press conference last week continues to reverberate through markets. Traders have dramatically reduced their December rate cut bets, with the probability now significantly lower than the 90% priced in before the FOMC meeting. This reassessment has removed a key pillar of support for gold prices. However, several factors suggest gold's decline may be overdue. The ongoing US government shutdown, now approaching record length with no resolution in sight, represents a source of economic and political uncertainty that typically supports safe-haven assets. Geopolitical tensions remain elevated with the Russia-Ukraine conflict ongoing and Middle East instability persisting. Additionally, central banks worldwide continue their gold accumulation programs, providing steady physical demand. Today's economic calendar is particularly heavy and could provide significant volatility for gold. The ADP Employment Change report will offer crucial insights into labour market health, while the ISM Services PMI will gauge momentum in the dominant services sector. Strong data would reinforce Fed hawkishness and pressure gold further, while disappointing figures could spark a relief rally by reviving rate cut expectations.

Technical Outlook

- Stochastic is moving lower towards the oversold area.
- Price is moving lower below the 20-period moving average.
- This setup indicates strong bearish momentum with potential for exhaustion.

Key Levels to Watch

Resistance: 4039.97; 4145.00

Support: 3889.32; 3797.83

Conclusion

Gold is under severe pressure, trading well below the 20-period moving average with the Stochastic indicator approaching oversold territory. The breakdown below 4000 dollars represents a significant technical development that has triggered stop-loss selling and could attract additional momentum sellers. Immediate support at 3889.32 is critical, as a break below could accelerate the decline toward 3797.83 and potentially test the key 3800-dollar level. The technical damage is substantial, with gold needing to reclaim 4039.97 and then the psychologically important 4000-dollar level to suggest stabilization. Resistance at 4145.00 would need to be cleared to alter the bearish outlook. Today's US economic data, particularly the ISM Services PMI and ADP Employment report, will be crucial catalysts. Strong data would reinforce the Dollar's strength and push gold toward the 3889.32 support level, while disappointing figures could trigger short-covering and a relief rally back toward 4000 dollars. The extreme moves in both the Dollar and gold suggest positioning has become stretched, raising the risk of sharp reversals. However, until Fed speakers signal renewed openness to December easing or economic data deteriorates significantly, the path of least resistance for gold remains lower. Trading strategy should acknowledge the oversold conditions while respecting the powerful downtrend, as any bounce should be viewed as a potential selling opportunity unless fundamental drivers change.

GBP/USD

Previous Session Overview

GBP/USD moved lower on Tuesday, reaching near previous support levels. Currently trading at 1.3016.



Market Outlook

There was no respite for the selling pressure on the British Pound on Tuesday, sending GBP/USD to fresh multi-month lows in the 1.3020 to 1.3010 band. The pair has now broken decisively below the psychologically important 1.3100 level, marking a significant technical deterioration and suggesting the downtrend is accelerating. Sterling's weakness reflects multiple bearish drivers converging simultaneously. The US Dollar's relentless rally, now extending into its fifth consecutive day with the Dollar Index surpassing 100.00, has been the primary force pushing GBP/USD lower. Growing expectations that the Federal Reserve will stay on hold in December have fundamentally shifted the interest rate differential outlook, favouring the Dollar over the Pound. UK-specific concerns continue to weigh heavily on Sterling as investors remain anxious ahead of Chancellor Rachel Reeves's Autumn Budget scheduled for November 26, with expectations that the Office for Budget Responsibility will lower productivity forecasts. These fiscal worries are compounding concerns about the UK's economic growth trajectory, particularly after Germany's disappointing Q3 GDP showed zero growth, raising questions about the broader European economic health. Market expectations for Bank of England policy have also shifted more dovish, with the UK economy showing signs of weakening and fiscal pressures mounting. Traders are increasingly pricing in the possibility that the BoE may need to resume rate cuts sooner than previously anticipated, potentially as early as December. This contrasts sharply with the Fed's newly hawkish stance, widening the expected monetary policy divergence. Today's key release is the final S&P Global Services PMI for the UK, which will provide crucial insights into the health of the economy's dominant sector. A disappointing reading would reinforce concerns about economic momentum and add further pressure to Sterling, while a strong figure might provide temporary relief.

Technical Outlook

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

Key Levels to Watch

Resistance: 1.3105; 1.3179

Support: 1.2939; 1.2869

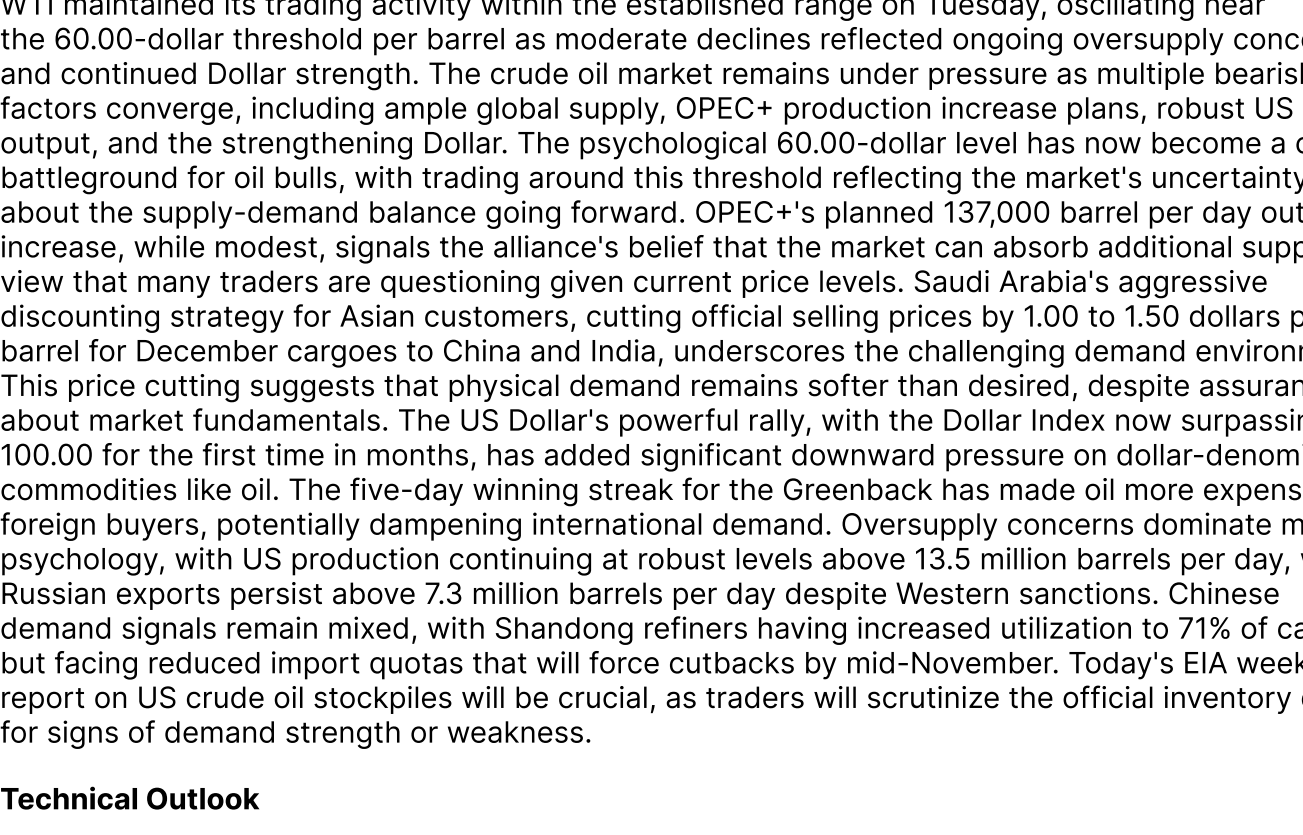
Conclusion

GBP/USD is in freefall, with the Stochastic indicator deep in oversold territory and price plunging below the 20-period moving average. The breakdown below 1.3100 represents a critical technical failure that has triggered cascading stop-losses and momentum selling. Immediate support at 1.2939 is now the last line of defence before the psychologically crucial 1.2900 level, as a break below could accelerate losses toward 1.2869 and potentially test the 200-day SMA around 1.2813. The selling has been relentless, with no signs of stabilization. However, the extreme oversold conditions suggest that selling pressure may be reaching exhaustion, raising the possibility of a sharp technical bounce, particularly if today's UK Services PMI surprises to the upside. Any recovery attempt will face immediate resistance at the broken 1.3100 level, which is likely to act as strong overhead resistance. The pair would need to reclaim 1.3105 decisively to suggest the worst is over, with further resistance at 1.3179. The fundamental backdrop remains extremely challenging for Sterling, as the combination of Dollar strength, UK fiscal concerns, and expectations for BoE dovishness creates a perfect storm. Today's UK Services PMI will be critical, with a weak reading potentially pushing GBP/USD toward 1.2939 support, while a strong figure might trigger short covering. Trading strategy should acknowledge the extreme oversold conditions and elevated risk of a violent short-squeeze, particularly given positioning is stretched.

SPX/USD (S&P 500)

Previous Session Overview

The S&P 500 moved lower on Tuesday, reaching near previous support levels. Currently trading at 6773.55.



Market Outlook

Stocks fell on Tuesday, with the S&P 500 declining 1.17% to close at 6771.55, as investors grew increasingly concerned about valuations in the bull market-leading artificial intelligence stocks. The sell-off was led by declines in AI-related names, with Palantir shedding about 8% despite beating earnings estimates, while other high-fliers like Oracle, AMD, Nvidia, and Amazon also pulled back sharply. The tech-heavy Nasdaq bore the brunt of the selling, plunging 2.04% to finish at 23,348.64, while the Dow Jones Industrial Average lost 251.44 points, or 0.53%, to 47,085.24. The divergence in performance highlights growing concerns about the narrow leadership and stretched valuations in mega-cap technology stocks. Valuation concerns have moved to the forefront of investor consciousness, with AI stock gains driving the S&P 500's forward price-earnings ratio above 23, near its highest level since 2000 according to FactSet. Palantir, despite strong results and guidance, trades at more than 200 times forward earnings, a valuation that demands perfection and leaves little room for disappointment. Adding to investor anxiety, comments from chief executives at Goldman Sachs and Morgan Stanley suggested corrections are ahead. Goldman's David Solomon said it is there will be a 10 to 20% drawdown in equity markets sometime in the next 12 to 24 months, while Morgan Stanley's