

TECHNICAL

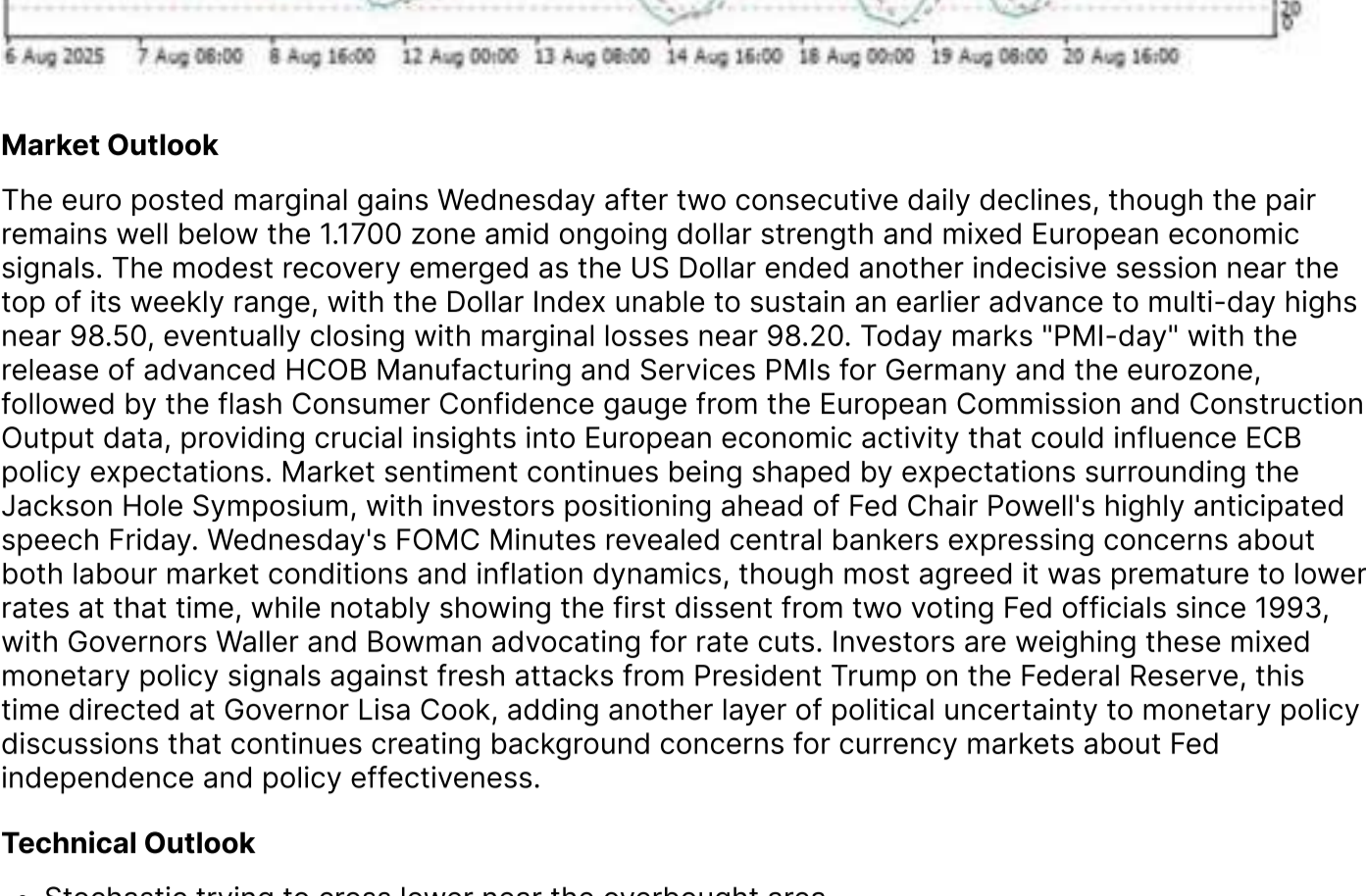
ANALYSIS REPORT

THURSDAY, AUGUST 21 2025

EUR/USD

Previous Session Overview

EUR/USD consolidated on Wednesday, staying between the previous support and resistance levels. Currently trading at 1.1644.



Market Outlook

The euro posted marginal gains Wednesday after two consecutive daily declines, though the pair remains well below the 1.1700 zone amid ongoing dollar strength and mixed European economic signals. The modest recovery emerged as the US Dollar ended another indecisive session near the top of its weekly range, with the Dollar Index unable to sustain an earlier advance to multi-day highs near 98.50, eventually closing with marginal losses near 98.20. Today marks "PMI-day" with the release of advanced HCOB Manufacturing and Services PMIs for Germany and the eurozone, followed by the flash Consumer Confidence gauge from the European Commission and Construction Output data, providing crucial insights into European economic activity that could influence ECB policy expectations. Market sentiment continues being shaped by expectations surrounding the Jackson Hole Symposium, with investors positioning ahead of Fed Chair Powell's highly anticipated speech Friday. Wednesday's FOMC Minutes revealed central bankers expressing concerns about both labour market conditions and inflation dynamics, though most agreed it was premature to lower rates at that time, while notably showing the first dissent from two voting Fed officials since 1993, with Governors Waller and Bowman advocating for rate cuts. Investors are weighing these mixed monetary policy signals against fresh attacks from President Trump on the Federal Reserve, this time directed at Governor Lisa Cook, adding another layer of political uncertainty to monetary policy discussions that continues creating background concerns for currency markets about Fed independence and policy effectiveness.

Technical Outlook

- Stochastic trying to cross lower near the overbought area.
- Price consolidating slightly below the 20-period moving average.
- This setup suggests potential for renewed downside pressure after brief consolidation.

Key Levels to Watch

Resistance: 1.1713; 1.1774
Support: 1.1596; 1.1536

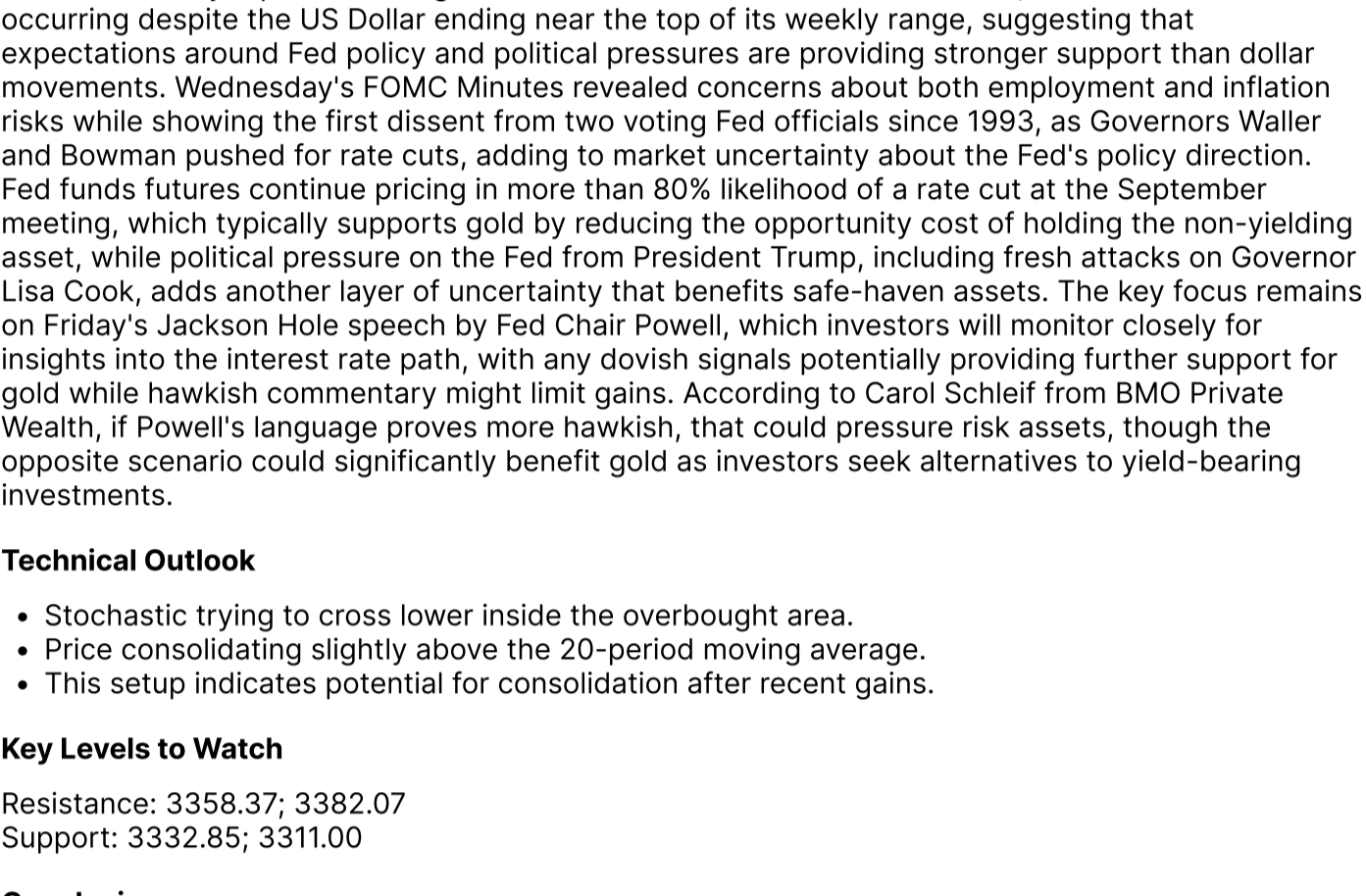
Conclusion

EUR/USD consolidates slightly below the 20-period moving average at 1.1644, with the Stochastic trying to cross lower from overbought levels, suggesting renewed downside pressure may emerge. The pair faces immediate resistance at 1.1713, requiring significant recovery to challenge 1.1774. Critical support lies at 1.1596, with a break below potentially targeting 1.1536. The technical setup shows mixed signals with price near the key moving average but momentum indicators suggesting potential weakness. Today's European PMI data will be crucial for direction, while the mixed FOMC Minutes and ongoing political pressure on the Fed continue creating uncertainty for the dollar's trajectory.

GOLD (XAU/USD)

Previous Session Overview

Gold moved higher on Wednesday, reaching above the previous resistance levels. Currently trading at 3340.92.



Market Outlook

Gold prices surged to two-day highs Wednesday, approaching the key \$3,350 mark per troy ounce amid rising investor expectations ahead of the Jackson Hole Symposium and growing safe-haven demand driven by political uncertainty surrounding Federal Reserve independence. The precious metal's recovery represents a significant turnaround from recent weakness, with the advance occurring despite the US Dollar ending near the top of its weekly range, suggesting that expectations around Fed policy and political pressures are providing stronger support than dollar movements. Wednesday's FOMC Minutes revealed concerns about both employment and inflation risks while showing the first dissent from two voting Fed officials since 1993, as Governors Waller and Bowman pushed for rate cuts, adding to market uncertainty about the Fed's policy direction. Fed funds futures continue pricing in more than 80% likelihood of a rate cut at the September meeting, which typically supports gold by reducing the opportunity cost of holding the non-yielding asset, while political pressure on the Fed from President Trump, including fresh attacks on Governor Lisa Cook, adding another layer of uncertainty that benefits safe-haven assets. The key focus remains on Friday's Jackson Hole speech by Fed Chair Powell, which investors will monitor closely for insights into the interest rate path, with any dovish signals potentially providing further support for gold while hawkish commentary might limit gains. According to Carol Schleif from BMO Private Wealth, if Powell's language proves more hawkish, that could pressure risk assets, though the opposite scenario could significantly benefit gold as investors seek alternatives to yield-bearing investments.

Technical Outlook

- Stochastic trying to cross lower inside the overbought area.
- Price consolidating slightly above the 20-period moving average.
- This setup indicates potential for consolidation after recent gains.

Key Levels to Watch

Resistance: 3358.37; 3382.07
Support: 3332.85; 3311.00

Conclusion

Gold consolidates slightly above the 20-period moving average at 3340.92, with the Stochastic trying to cross lower from overbought territory, suggesting potential for consolidation after Wednesday's strong gains. The precious metal faces immediate resistance at 3358.37, with a break above potentially targeting 3382.07. Support lies at 3332.85, with stronger support at 3311.00. The technical setup shows mixed signals with price above the key moving average but momentum indicators suggesting potential pause. Friday's Jackson Hole speech represents the key catalyst that could determine gold's next major move, with dovish Fed signals potentially driving further gains while political uncertainty continues supporting safe-haven demand.

GBP/USD

Previous Session Overview

GBP/USD consolidated on Wednesday, staying between the previous support and resistance levels. Currently trading at 1.3449.



Market Outlook

Sterling declined for the third consecutive day earlier this week, reaching new multi-day lows near 1.3450, though Wednesday's session demonstrated some stabilization as the pair struggles below key resistance levels amid broader USD strength and specific UK economic concerns. Today brings the flash S&P Global Manufacturing and Services PMIs, which will provide crucial insights into UK economic activity and are particularly important given recent concerns about the impact of Chancellor Rachel Reeves' employer tax increases and the fallout from trade tensions on the broader UK economic sector. The rate releases will be followed by CBI Industrial Trends Orders and Public Sector Net Borrowing figures, providing additional perspectives on economic health and fiscal conditions. The technical picture for Cable remains challenging, with the pair trading below the 20-period moving average while the Stochastic moves toward oversold conditions, following the significant drop below 1.3500 earlier this week that represented a major technical development opening the door for further weakness. UK inflation data released earlier continues influencing BoE policy expectations, particularly as the central bank has warned about rising price pressures and lifted its forecast for September inflation to peak at 4% from 3.7%, creating a complex policy environment. The divergence between BoE and Fed policy expectations remains a key theme, with markets pricing in more aggressive Fed easing compared to the UK, though this dynamic could shift based on Friday's Jackson Hole developments. Friday's Jackson Hole Symposium will also feature BoE Governor Bailey, whose comments alongside Fed Chair Powell could provide crucial insights into the relative policy stance between the two central banks and significantly influence GBP/USD direction in the coming weeks.

Technical Outlook

- Stochastic moving lower towards the oversold area.
- Price consolidating below the 20-period moving average.
- This setup indicates continued bearish pressure with developing oversold conditions.

Key Levels to Watch

Resistance: 1.3542; 1.3593
Support: 1.3399; 1.3348

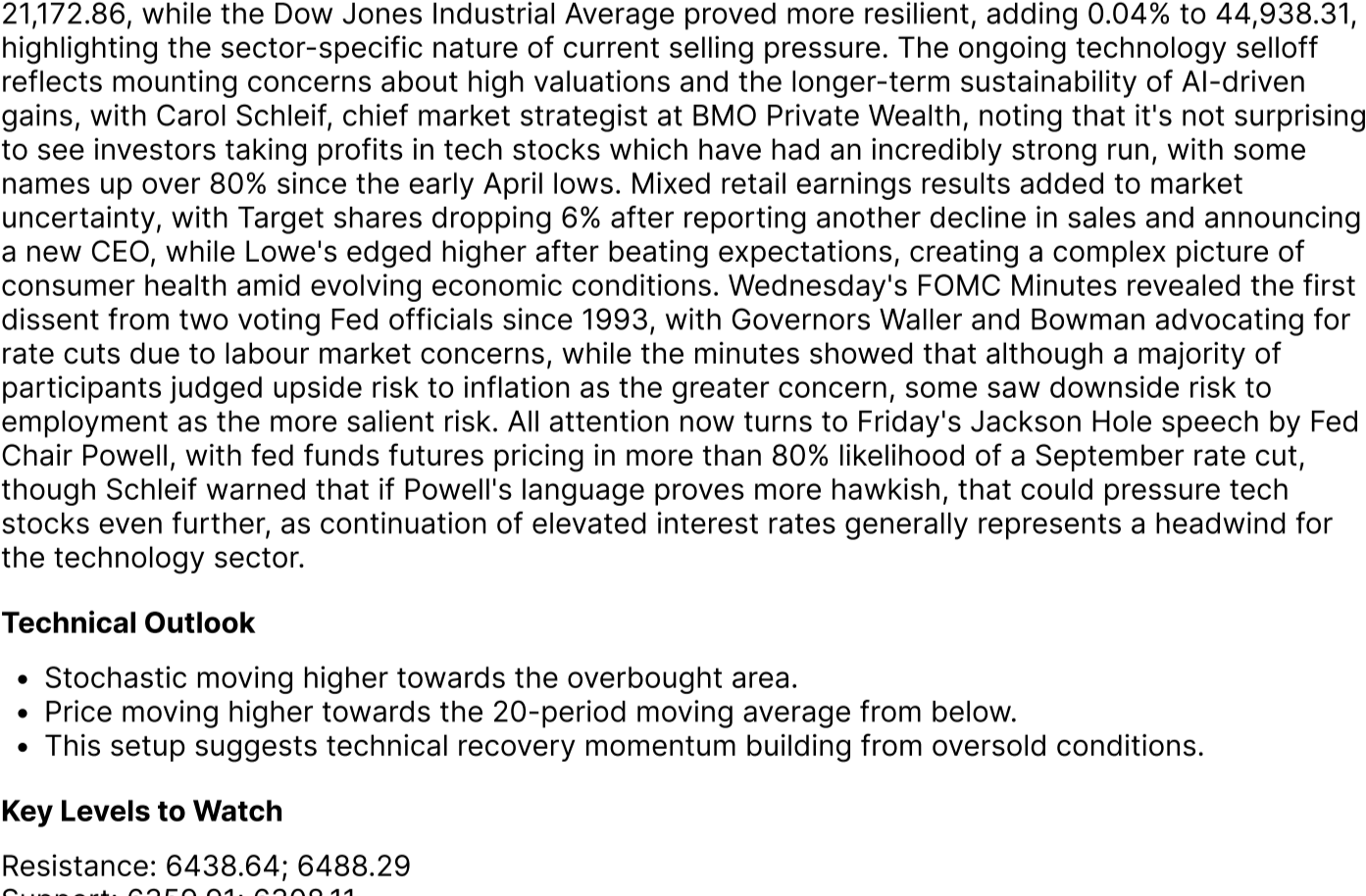
Conclusion

GBP/USD remains under pressure with price below the 20-period moving average at 1.3449 and the Stochastic moving toward oversold territory. The pair faces immediate resistance at 1.3542, requiring significant recovery to challenge 1.3593. Critical support lies at 1.3399, with a break below potentially targeting 1.3348. The technical setup shows continued bearish momentum though oversold conditions may provide some support. Today's UK PMI data will be crucial for direction, while the broader focus remains on Jackson Hole developments. The pair's ability to hold above 1.3400 will be key for preventing deeper losses toward the next support levels.

SPX/USD (S&P 500)

Previous Session Overview

The S&P 500 consolidated on Wednesday, staying between the previous support and resistance levels. Currently trading at 6397.06.



Market Outlook

US equity markets extended their retreat Wednesday, with the S&P 500 declining 0.24% to close at 6,395.78, marking a fourth consecutive day of losses as investors continued taking profits from heavyweight technology and semiconductor names amid concerns about elevated valuations and sustainability of the artificial intelligence trade. The tech-heavy Nasdaq lost 0.67% to settle at 21,172.86, while the Dow Jones Industrial Average proved more resilient, adding 0.04% to 44,938.31, highlighting the sector-specific nature of current selling pressure. The ongoing technology selloff reflects mounting concerns about high valuations and the longer-term sustainability of AI-driven gains, with Carol Schleif, chief market strategist at BMO Private Wealth, noting that it's not surprising to see investors taking profits in tech stocks who have had an incredibly strong run, with some names up over 80% since the early April lows. Mixed retail earnings results added to market uncertainty, with Target shares dropping 6% after reporting another decline in sales and announcing a new CEO, while Lowe's edged higher after beating expectations, creating a complex picture of consumer health amid evolving economic conditions. Wednesday's FOMC Minutes revealed the first dissent from two voting Fed officials since 1993, with Governors Waller and Bowman advocating for rate cuts due to labour market concerns, while the minutes showed that although a majority of participants judged upside risk to inflation as the greater concern, some saw downside risk to employment as the more salient risk. All attention now turns to Friday's Jackson Hole speech by Fed Chair Powell, with fed funds futures pricing in more than 80% likelihood of a September rate cut, though Schleif warned that if Powell's language proves more hawkish, that could pressure tech stocks even further, as continuation of elevated interest rates generally represents a headwind for the technology sector.

Technical Outlook

- Stochastic moving higher towards the overbought area.
- Price moving higher towards the 20-period moving average from below.
- This setup suggests technical recovery momentum building from oversold conditions.

Key Levels to Watch

Resistance: 6438.64; 6488.29
Support: 6359.91; 6308.11

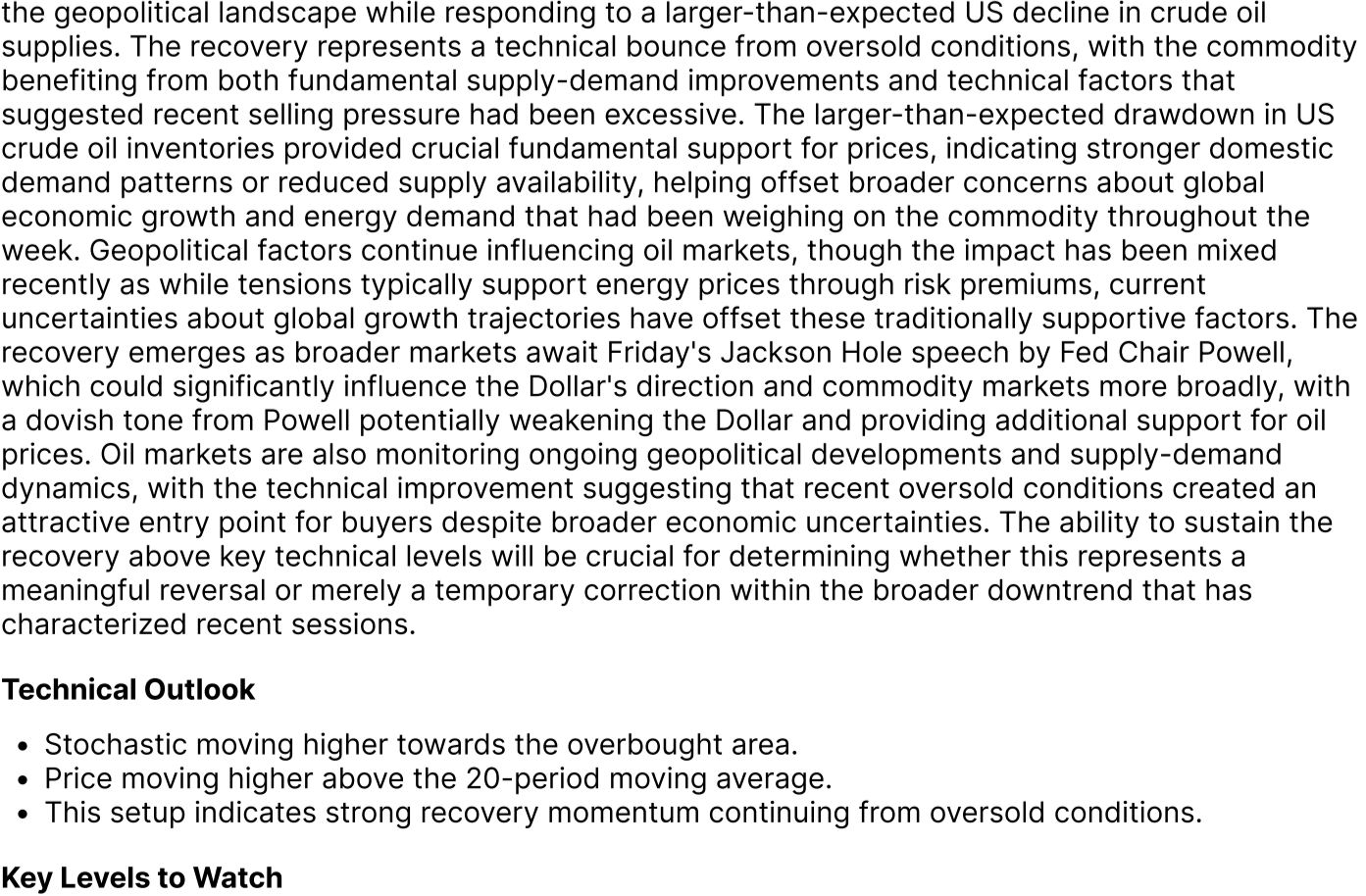
Conclusion

The S&P 500 shows improving technical conditions at 6397.06 with the Stochastic moving toward overbought territory and price advancing toward the 20-period moving average from below. This configuration suggests potential for continued recovery from recent oversold levels. Immediate resistance at 6438.64 will be crucial for any sustained bounce, with further upside possible toward 6488.29. Support at 6359.91 should contain any renewed selling pressure. The technical recovery momentum building suggests the recent four-day decline may be finding support. Friday's Jackson Hole speech will be the key catalyst that could determine whether this technical improvement translates into a broader market recovery.

USO/USD (WTI CRUDE OIL)

Previous Session Overview

USO/USD traded higher on Wednesday, trading near the previous resistance levels. Currently trading at 62.95.



Market Outlook

Crude oil prices managed to regain significant traction Wednesday, setting aside three consecutive days of losses and approaching the \$63.00 mark per barrel of WTI as traders continued assessing the geopolitical landscape while responding to a larger-than-expected US decline in crude oil supplies. The recovery represents a technical bounce from oversold conditions, with the commodity benefiting from both fundamental supply-demand improvements and technical factors that suggested recent selling pressure had been excessive. The larger-than-expected drawdown in US crude oil inventory provided crucial fundamental support for prices, indicating stronger domestic demand patterns or reduced supply availability, helping offset broader concerns about global economic growth and energy demand that had been weighing on the commodity throughout the week. Geopolitical factors continue influencing oil markets, though the impact has been mixed recently as while tensions typically support energy prices through risk premiums, current uncertainties about global growth trajectories have offset these traditionally supportive factors. The recovery emerges as broader markets await Friday's Jackson Hole speech by Fed Chair Powell, which could significantly influence the Dollar's direction and commodity markets more broadly, with a dovish tone from Powell potentially weakening the Dollar and providing additional support for oil prices. Oil markets are also monitoring ongoing geopolitical developments and supply-demand dynamics, with the technical improvement suggesting that recent oversold conditions created an attractive entry point for buyers despite broader economic uncertainties. The ability to sustain the recovery above key technical levels will be crucial for determining whether this represents a meaningful reversal or merely a temporary correction within the broader downtrend that has characterized recent sessions.

Technical Outlook

- Stochastic moving higher towards the overbought area.
- Price moving higher above the 20-period moving average.
- This setup indicates strong recovery momentum continuing from oversold conditions.

Key Levels to Watch

Resistance: 63.68; 64.54
Support: 62.14; 61.42

Conclusion

WTI crude oil maintains its recovery momentum with price above the 20-period moving average at 62.95 and the Stochastic advancing toward overbought territory. This technical improvement suggests the commodity may continue its bounce toward the 63.68 resistance level. The larger-than-expected inventory drawdown provided fundamental support, while the technical setup indicates continued upward momentum. Immediate resistance at 63.68 will be key for sustaining the recovery, while support at 62.14 should contain any pullbacks. The strong technical recovery suggests oversold conditions created favourable buying opportunities. Friday's Jackson Hole developments could provide additional direction based on Fed policy signals and USD movements.

Key events for today and tomorrow (GMT):

Date	Time	Currency	Events	Forecast	Previous
21 Aug	07:30	EUR	German Flash Manufacturing PMI	48.8	49.1
			German Flash Services PMI	50.5	50.6
	08:30	GBP	Flash Manufacturing PMI	48.2	48.0
			Flash Services PMI	51.9	51.8
	12:30	USD	Unemployment Claims	227K	224K
	13:45	USD	Flash Manufacturing PMI	49.9	49.8
22 Aug	14:00	USD	Fed Chair Powell Speaks		
		All	Jackson Hole Symposium		
	16:25	GBP	BOE Gov Bailey Speaks		