

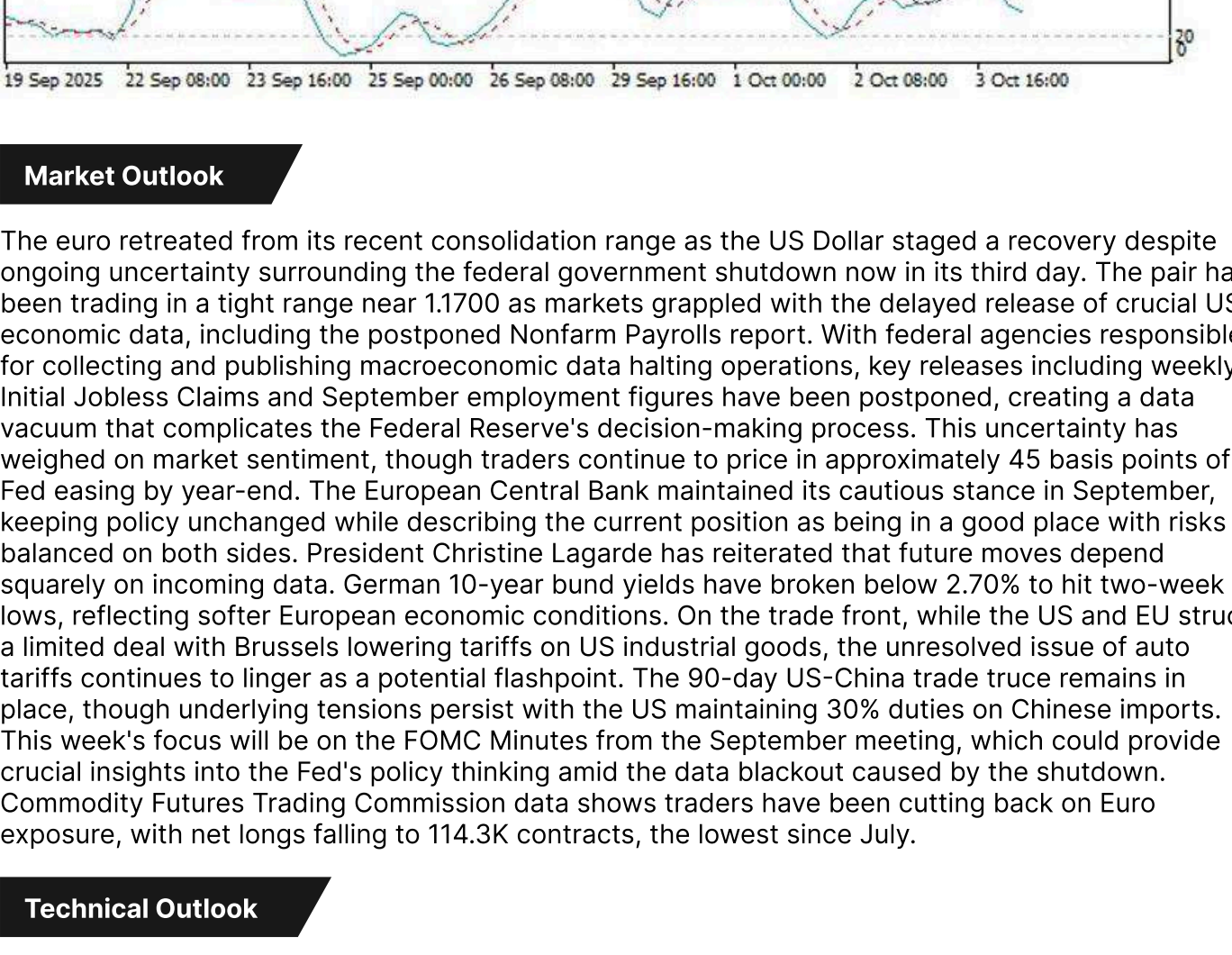
MH Markets Technical Analysis Report

2025/10/06 - MONDAY

EUR/USD

Previous Session Overview

EUR/USD consolidated on Friday, staying between previous support and resistance levels. The pair opened with a sharp move lower on Monday morning. Currently trading at 1.1728.



Market Outlook

The euro retreated from its recent consolidation range as the US Dollar staged a recovery despite ongoing uncertainty surrounding the federal government shutdown now in its third day. The pair had been trading in a tight range near 1.1700 as markets grappled with the delayed release of crucial US economic data, including the postponed Nonfarm Payrolls report. With federal agencies responsible for collecting and publishing macroeconomic data halting operations, key releases including weekly Initial Jobless Claims and September employment figures have been postponed, creating a data vacuum that complicates the Federal Reserve's decision-making process. This uncertainty has weighed on market sentiment, though traders continue to price in approximately 45 basis points of Fed easing by year-end. The European Central Bank maintained its cautious stance in September, keeping policy unchanged while describing the current position as being in a good place with risks balanced on both sides. President Christine Lagarde has reiterated that future moves depend squarely on incoming data. German 10-year bund yields have broken below 2.70% to hit two-week lows, reflecting softer European economic conditions. On the trade front, while the US and EU struck a limited deal with Brussels lowering tariffs on US industrial goods, the unresolved issue of auto tariffs continues to linger as a potential flashpoint. The 90-day US-China trade truce remains in place, though underlying tensions persist with the US maintaining 30% duties on Chinese imports. This week's focus will be on the FOMC Minutes from the September meeting, which could provide crucial insights into the Fed's policy thinking amid the data blackout caused by the shutdown. Commodity Futures Trading Commission data shows traders have been cutting back on Euro exposure, with net longs falling to 114.3K contracts, the lowest since July.

Technical Outlook

- Stochastic is trying to cross lower near the overbought area.
- Price is moving below the 20-period moving average.
- This setup suggests weakening bullish momentum and potential for further downside.

Key Levels to Watch

Resistance: 1.1804; 1.1853
Support: 1.1657; 1.1612

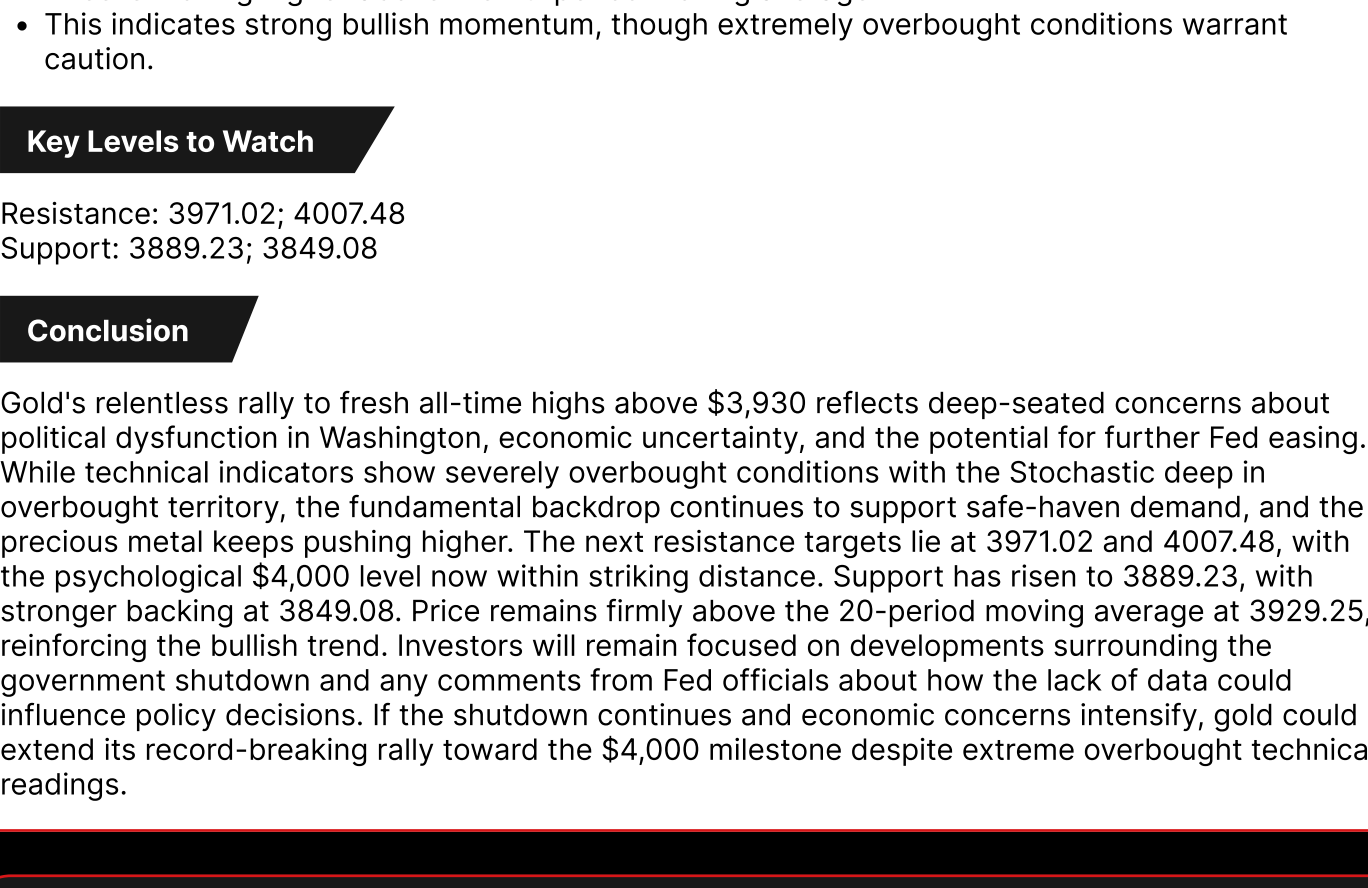
Conclusion

EUR/USD appears mired in a consolidative phase as bulls lack the strength to extend gains beyond recent highs while the US government shutdown creates a murky backdrop for both currencies. The Stochastic indicator attempting to cross lower near overbought territory combined with price breaking below the 20-period moving average suggests the near-term bias has shifted to the downside. Immediate support at 1.1657 will be critical to watch, with a break potentially opening the door toward 1.1612. On the upside, the pair needs to reclaim 1.1804 to neutralize the bearish pressure, though if price remains below the 20-period moving average, sellers retain control. The ongoing shutdown and delayed data releases will keep volatility elevated, with the FOMC Minutes on Wednesday potentially providing the next directional catalyst.

GOLD (XAU/USD)

Previous Session Overview

Gold moved higher on Friday, reaching above previous resistance levels. The precious metal surged strongly higher during Monday's Asian session, breaking above \$3,930 to establish new all-time highs. Currently trading at 3929.25.



Market Outlook

Gold continues its relentless ascent into uncharted territory, shattering the psychological \$3,900 barrier and establishing fresh record peaks above \$3,930 as safe-haven flows intensify amid the ongoing US federal government shutdown. The precious metal has benefited from a perfect storm of risk-aversion, policy uncertainty, and dollar weakness that shows no signs of abating. The shutdown of the US federal government has triggered a significant flight to safety, with investors seeking refuge in traditional safe-haven assets. With Congress still unable to reach a funding agreement, President Trump has announced plans to freeze \$26 billion in funding for Democratic-leaning states and suggested that thousands of federal workers could face layoffs. This political gridlock has created deep uncertainty about the economic outlook and the timing of future policy decisions. The data vacuum created by the shutdown has complicated the Federal Reserve's task, with key economic indicators including the September Nonfarm Payrolls report and weekly jobless claims postponed indefinitely. The ADP Employment report showed an alarming 32,000 decline in private sector payrolls in September, the biggest drop since March 2023, raising concerns about underlying labour market weakness. This has reinforced expectations for continued Fed easing, with markets pricing in two more rate cuts before year-end. Fed Chair Jerome Powell has emphasized that the central bank faces a delicate balancing act between controlling inflation, which remains somewhat elevated at 2.7% on headline PCE and 2.9% on core, and supporting a softening labour market. The uncertainty surrounding tariffs, which continue to keep goods prices sticky, adds another layer of complexity to the monetary policy outlook. Trade tensions remain an underlying support factor for gold. While the US and China have agreed to extend their truce for another 90 days, tariffs remain firmly in place with US imports from China facing 30% duties. President Trump has also announced new industry-focused tariffs starting October 1, including a 100% levy on branded drug imports and a 25% tax on heavy-duty truck imports.

Technical Outlook

- Stochastic is moving inside the overbought area.
- Price is moving higher above the 20-period moving average.
- This indicates strong bullish momentum, though extremely overbought conditions warrant caution.

Key Levels to Watch

Resistance: 3971.02; 4007.48
Support: 3889.23; 3849.08

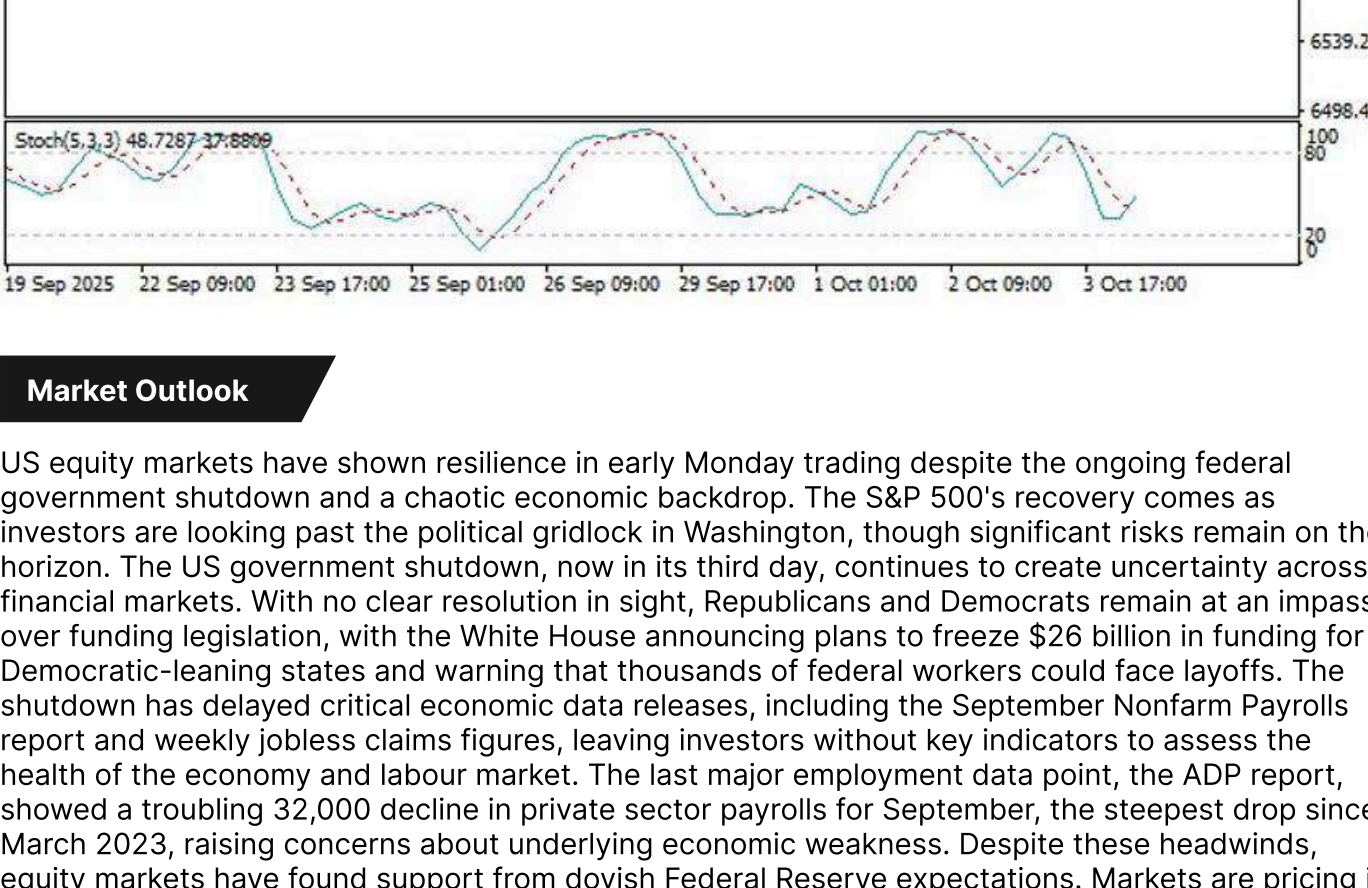
Conclusion

Gold's relentless rally to fresh all-time highs above \$3,930 reflects deep-seated concerns about political dysfunction in Washington, economic uncertainty, and the potential for further Fed easing. While technical indicators show severely overbought conditions with the Stochastic deep in overbought territory, the fundamental backdrop continues to support safe-haven demand, and the precious metal keeps pushing higher. The next resistance targets lie at 3971.02 and 4007.48, with the psychological \$4,000 level now within striking distance. Support has risen to 3889.23, with stronger backing at 3849.08. Price remains firmly above the 20-period moving average at 3929.25, reinforcing the bullish trend. Investors will remain focused on developments surrounding the government shutdown and any comments from Fed officials about how the lack of data could influence policy decisions. If the shutdown continues and economic concerns intensify, gold could extend its record-breaking rally toward the \$4,000 milestone despite extreme overbought technical readings.

GBP/USD

Previous Session Overview

GBP/USD consolidated on Friday, staying between previous support and resistance levels. The pair opened with a sharp move lower on Monday morning. Currently trading at 1.3456.



Market Outlook

The Pound Sterling lost ground as the US Dollar as the pair retreated from its attempt to sustainably break above the 1.3500 threshold. Despite staging a recovery from seven-week lows earlier in the week, GBP/USD has struggled to maintain upward momentum amid the chaotic backdrop created by the US government shutdown and mixed economic signals. The US federal government shutdown has created significant uncertainty in financial markets, delaying crucial economic data releases that would normally guide monetary policy expectations. The postponement of the September Nonfarm Payrolls report and weekly jobless claims has left traders navigating in the dark, though the weak ADP report showing a 32,000 decline in private sector payrolls has reinforced expectations for continued Federal Reserve easing. Markets are now pricing in approximately 45 basis points of Fed rate cuts by year-end, with futures suggesting two more quarter-point reductions in October and December. This dovish Fed outlook would normally support currencies like Sterling against the Dollar, but the shutdown-induced uncertainty has complicated the picture. On the UK side, Bank of England officials including Dave Ramsden, Catherine Mann, and Sarah Breeden have warned about higher inflationary pressures, advocating for the central bank's prudent approach to further easing. This hawkish tilt from BoE policymakers has provided some underlying support for the Pound, as markets expect the UK central bank to pursue fewer rate cuts than the Fed, creating potential for policy divergence. However, Sterling buyers have struggled to capitalize on this dynamic, with the pair failing to hold above 1.3500. The data-light week ahead, complicated by the US shutdown and China's Golden Week holidays, means market direction will depend heavily on the FOMC Minutes from September's meeting and any progress toward resolving the government funding impasse. Fed Chair Powell's recent comments emphasizing the balancing act between controlling inflation and supporting employment have added to the cautious mood. Benign US core PCE inflation data at 2.9% year-over-year has supported the case for further easing, though the lack of fresh employment data makes it difficult to assess the true state of the labour market.

Technical Outlook

- Stochastic is trying to cross lower near the overbought area.
- Price is consolidating slightly below the 20-period moving average.
- This suggests fading bullish momentum with potential for further consolidation or correction.

Key Levels to Watch

Resistance: 1.3524; 1.3595
Support: 1.3394; 1.3324

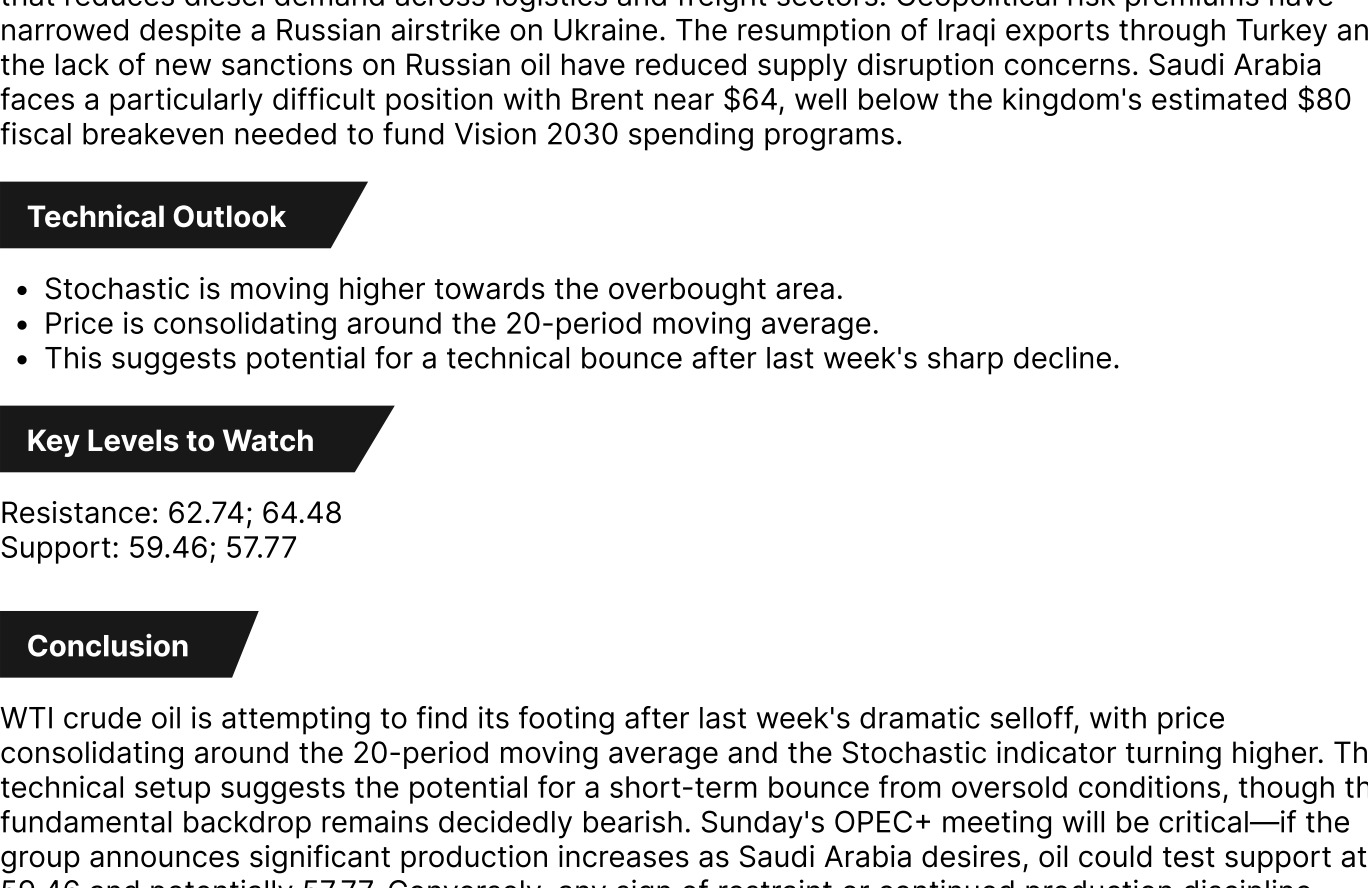
Conclusion

GBP/USD sellers have retained control as the pair struggles below the 1.3500 psychological barrier, with price consolidating just beneath the 20-period moving average. The Stochastic indicator attempting to cross lower near overbought territory reinforces the view that the recent recovery attempt is running out of steam. Immediate support lies at 1.3394, with a break potentially targeting 1.3324. For bulls to regain control, the pair needs to reclaim 1.3524 and ideally the 1.3500 handle with conviction. The week ahead will be dominated by the FOMC Minutes release on Wednesday and ongoing developments surrounding the US government shutdown. Any signs of progress toward a funding deal could support the Dollar and pressure Cable lower, while continued gridlock may revive safe haven flows that benefit both currencies relative to riskier assets. With key US data releases postponed, technical levels and political headlines will drive price action in the near term.

SPX/USD (S&P 500)

Previous Session Overview

The S&P 500 consolidated on Friday, staying between previous support and resistance levels. The index moved strongly higher during Monday's Asian session. Currently trading at 6743.70.



Market Outlook

US equity markets have shown resilience in early Monday trading despite the ongoing federal government shutdown and a chaotic economic backdrop. The S&P 500's recovery comes as investors are looking past the political gridlock in Washington, though significant risks remain on the horizon. The US government shutdown, now in its third day, continues to create uncertainty across financial markets. With no clear resolution in sight, Republicans and Democrats remain at an impasse over funding legislation, with the White House announcing plans to freeze \$26 billion in funding for Democratic-leaning states and warning that thousands of federal workers could face layoffs. The shutdown has delayed critical economic data releases, including the September Nonfarm Payrolls report and weekly jobless claims figures, leaving investors without key indicators to assess the health of the economy and labour market. The last major employment data point, the ADP report, showed a troubling 32,000 decline in private sector payrolls for September, the steepest drop since March 2023, raising concerns about underlying economic weakness. Despite these headwinds, equity markets have found support from dovish Federal Reserve expectations. Markets are pricing in approximately 45 basis points of easing by year-end, with Fed fund futures suggesting a high probability of rate cuts in both October and December. Fed Chair Jerome Powell has acknowledged that policy is leaning neutral and emphasized a balanced approach to managing inflation risks while supporting the labour market. The Consumer Discretionary sector showed mixed performance last week, declining 1.20% even as the broader S&P 500 gained 0.82%. Notable winners included Ford, which surged 5.50% on reports that President Trump is dismissing significant tariff relief for US assembly operations, while casino stocks took heavy losses on disappointing Macau gaming revenue data. Trade policy remains a wildcard. While the US and China have extended their tariff truce for another 90 days, duties remain firmly in place with 30% on Chinese imports and 10% on US exports to China. Trump has announced new industry-specific tariffs starting October 1, including a 100% levy on branded drug imports and 25% on heavy-duty trucks, keeping protectionist pressures elevated. The ISM Services PMI declined to 50 in September from 52 in August, signalling a slowdown in the dominant services sector. Combined with the weak ADP data and ongoing political uncertainty, this paints a picture of an economy losing momentum heading into the final quarter of 2025.

Technical Outlook

- Stochastic moved lower from overbought levels but is currently held in the middle area.
- Price is consolidating above the 20-period moving average.
- This suggests continued bullish bias despite some loss of momentum.

Key Levels to Watch

Resistance: 6764.27; 6798.31
Support: 6706.33; 6671.92

Conclusion

The S&P 500's resilience in the face of the government shutdown reflects a market that continues to bet on Fed easing and eventual resolution of political gridlock. However, the technical picture shows some loss of momentum, with the Stochastic pulling back from overbought levels to neutral territory. As long as price remains above the 20-period moving average and support at 6706.33 holds, the near-term outlook remains constructive. Immediate resistance at 6764.27 represents the next hurdle, with a break potentially opening the door toward 6798.31. The key risk factors include prolonged shutdown duration, weak economic data when releases resume, and any signs that the Fed may be less dovish than markets expect. This week's FOMC Minutes on Wednesday will be crucial in providing insight into policymakers' thinking, particularly regarding how the data vacuum created by the shutdown might influence their decision-making process. Investors should also monitor any developments on the government funding front, as a breakthrough could trigger a relief rally while continued dysfunction may eventually weigh on sentiment.

USO/USD (WTI CRUDE OIL)

Previous Session Overview

USO/USD consolidated on Friday, staying between previous support and resistance levels. The commodity jumped slightly higher during Monday's Asian session. Currently trading at 61.55.

Market Outlook

WTI crude oil is attempting to stabilize after suffering its steepest weekly decline in three months, with prices settling near \$61 as markets digest a bearish confluence of increased OPEC+ production, the restart of Iraqi exports, and rising US inventories. The commodity faces significant headwinds heading into this week's crucial OPEC+ meeting. Oil prices plunged last week, with WTI falling 7.4% and Brent dropping 8.1% to \$64.53, after Iraq resumed exports through the Ceyhan pipeline following a 2.5-year suspension. The restart has reintroduced approximately 200,000 barrels per day into global circulation, with expectations to gradually scale output toward 1.5 million bpd. This represents a major shift in the supply-demand balance at a time when global demand signals are already weakening. The focus now shifts to Sunday's OPEC+ meeting, where Saudi Arabia is pushing for a significant output hike to recapture lost market share, while Russia advocates for a more moderate increase. Sources indicate that up to eight member nations favour further production increases starting in November, following October's 137,000 bpd increase. JPMorgan analysts project a sizable oversupply in Q4 2025 and into early 2026, as demand implications across the Atlantic Basin weaken following summer's peak driving season. US crude inventories rose by 1.8 million barrels to 416.5 million, according to the EIA, with refinery utilization declining 0.6%. Rystad Energy estimates that global refinery runs are slowing by 1.1 million bpd due to seasonal maintenance, while product inventories across OEC nations remain 6% above their five-year average. These factors point to a market that is decisively tilted toward oversupply. The macro environment adds further pressure. The US government shutdown has created economic uncertainty, with Treasury Secretary Scott Bessent warning that prolonged closure could erode Q4 GDP by 0.3%. The ISM Manufacturing PMI contracted to 48.7, underscoring a cooling industrial base that reduces diesel demand across logistics and freight sectors. Geopolitical risk premiums have narrowed despite a Russian airstrike on Ukraine. The resumption of Iraqi exports through Turkey and the lack of new sanctions on Russian oil have reduced supply disruption concerns. Saudi Arabia faces a particularly difficult position with Brent near \$64, well below the kingdom's estimated \$80 fiscal breakeven needed to fund Vision 2030 spending programs.

Technical Outlook

- Stochastic is moving higher towards the overbought area.
- Price is consolidating around the 20-period moving average.
- This suggests potential for a technical bounce after last week's sharp decline.

Key Levels to Watch

Resistance: 62.74; 64.48
Support: 59.46; 57.77

Conclusion

WTI crude oil is attempting to find its footing after last week's dramatic selloff, with price consolidating around the 20-period moving average and the Stochastic indicator turning higher. This technical setup suggests the potential for a short-term bounce from overbought conditions, though the fundamental backdrop remains decidedly bearish. Sunday's OPEC+ meeting will be critical—if the group announces significant production increases as Saudi Arabia desires, oil could test support at 59.46 and potentially 57.77. Conversely, any sign of restraint or continued production discipline could trigger a relief rally toward 62.74 resistance. The balance of risks remains tilted to the downside given the combination of rising supply from OPEC+ and Iraq, elevated inventories, seasonal refinery maintenance reducing demand, and macroeconomic headwinds from the US government shutdown. Traders should watch for any developments from the OPEC+ meeting and monitor whether WTI can hold above the psychologically important \$60 level in the sessions ahead.

Key events for today and tomorrow (GMT):

Date	Time	Currency	Events	Forecast	Previous
6 Oct			No key event for today		
7 Oct	14:00	CAD	Ivey PMI	51.2	50.1