MH Markets

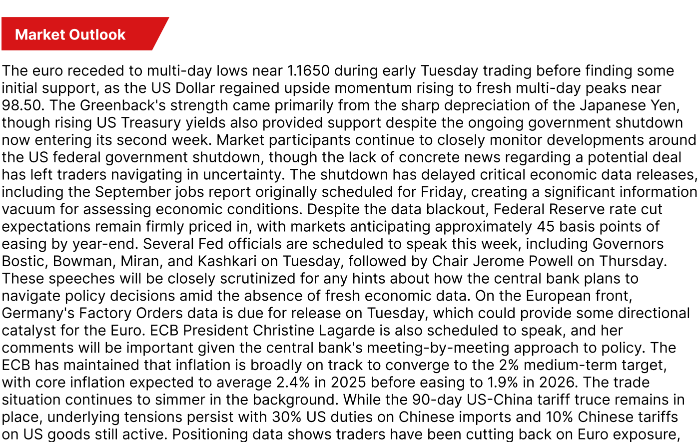
# MH Markets Technical Analysis Report

2025/10/07 - TUESDAY

## EUR/USD

### Previous Session Overview

EUR/USD consolidated on Monday, staying between previous support and resistance levels. Currently trading at 1.1704.




### Market Outlook

The euro receded to multi-day lows near 1.1650 during early Tuesday trading before finding some initial support, as the US Dollar regained upside momentum rising to fresh multi-day peaks near 98.50. The Greenback's strength came primarily from the sharp depreciation of the Japanese Yen, though rising US Treasury yields also provided support despite the ongoing government shutdown now entering its second week. Market participants continue to closely monitor developments around the US federal government shutdown, though the lack of concrete news regarding a potential deal has left traders navigating in uncertainty. The shutdown has delayed critical economic data releases, including the September jobs report originally scheduled for Friday, creating a significant information vacuum for assessing economic conditions. Despite the data blackout, Federal Reserve rate cut expectations remain firmly priced in, with markets anticipating approximately 45 basis points of easing by year-end. Several Fed officials are scheduled to speak this week, including Governors Bostic, Bowman, Miran, and Kashkari on Tuesday, followed by Chair Jerome Powell on Thursday. These speeches will be closely scrutinized for any hints about how the central bank plans to navigate policy decisions amid the absence of fresh economic data. On the European front, Germany's Factory Orders data is due for release on Tuesday, which could provide some directional catalyst for the Euro. ECB President Christine Lagarde is also scheduled to speak, and her comments will be important given the central bank's meeting-by-meeting approach to policy. The ECB has maintained that inflation is broadly on track to converge to the 2% medium-term target, with core inflation expected to average 2.4% in 2025 before easing to 1.9% in 2026. The trade situation continues to simmer in the background. While the 90-day US-China tariff truce remains in place, underlying tensions persist with 30% US duties on Chinese imports and 10% Chinese tariffs on US goods still active. Positioning data shows traders have been cutting back on Euro exposure, with CFTC net longs falling to 114.3K contracts in late September, the lowest since July.

### Technical Outlook

- Stochastic is moving higher towards the overbought area.
- Price is consolidating slightly below the 20-period moving average.
- This suggests potential for a recovery attempt, though bearish pressure remains while below the MA.

### Key Levels to Watch

Resistance: 1.1804; 1.1853
Support: 1.1657; 1.1612

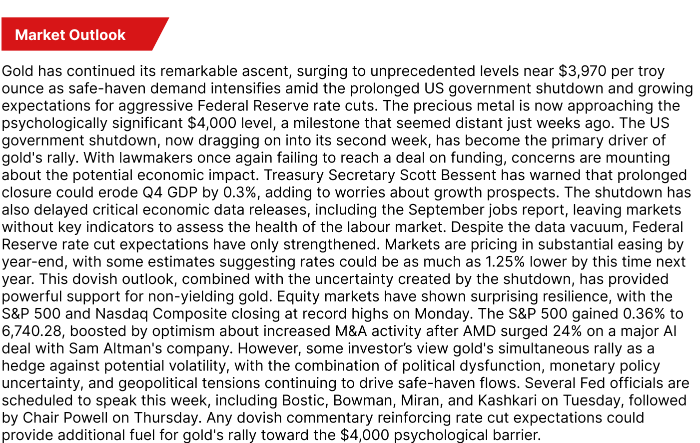
### Conclusion

EUR/USD remains trapped in a consolidative phase with the pair hovering just below the 20-period moving average at 1.1704. While the Stochastic indicator moving toward overbought territory suggests building upside momentum, the inability to reclaim the moving average keeps the near-term bias neutral to slightly bearish. Immediate support at 1.1657 has proven resilient, but a break below could accelerate losses toward 1.1612. For bulls to regain control, the pair needs to push above 1.1804, which would also require breaking through the 20-period moving average. Today's German Factory Orders data and ECB President Lagarde's speech could provide the catalyst needed to break out of the current range. However, with multiple Fed officials speaking and the government shutdown continuing to dominate headlines, USD strength could persist and keep EUR/USD under pressure. The technical picture remains mixed, suggesting traders should wait for a clear break of either support or resistance.

## GOLD (XAU/USD)

### Previous Session Overview

Gold moved higher on Monday, reaching above previous resistance levels. The precious metal surged strongly higher during Tuesday's Asian session, creating a new all-time high above $3,970. Currently trading at 3962.66.




### Market Outlook

Gold has continued its remarkable ascent, surging to unprecedented levels near $3,970 per troy ounce as safe-haven demand intensifies amid the prolonged US government shutdown and growing expectations for aggressive Federal Reserve rate cuts. The precious metal is now approaching the psychologically significant $4,000 level, a milestone that seemed distant just weeks ago. The US government shutdown, now dragging on into its second week, has become the primary driver of gold's rally. With lawmakers once again failing to reach a deal on funding, concerns are mounting about the potential economic impact. Treasury Secretary Scott Bessent has warned that prolonged closure could erode Q4 GDP by 0.3%, adding to worries about growth prospects. The shutdown has also delayed critical economic data releases, including the September jobs report, leaving markets without key indicators to assess the health of the labour market. Despite the data vacuum, Federal Reserve rate cut expectations have only strengthened. Markets are pricing in substantial easing by year-end, with some estimates suggesting rates could be as much as 1.25% lower by this time next year. This dovish outlook, combined with the uncertainty created by the shutdown, has provided powerful support for non-yielding gold. Equity markets have shown surprising resilience, with the S&P 500 and Nasdaq Composite closing at record highs on Monday. The S&P 500 gained 0.36% to 6,740.28, boosted by optimism about increased M&A activity after AMD surged 24% on a major AI deal with Sam Altman's company. However, some investor’s view gold's simultaneous rally as a hedge against potential volatility, with the combination of political dysfunction, monetary policy uncertainty, and geopolitical tensions continuing to drive safe-haven flows. Several Fed officials are scheduled to speak this week, including Bostic, Bowman, Miran, and Kashkari on Tuesday, followed by Chair Powell on Thursday. Any dovish commentary reinforcing rate cut expectations could provide additional fuel for gold's rally toward the $4,000 psychological barrier.

### Technical Outlook

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

### Key Levels to Watch

Resistance: 3999.06; 4028.84
Support: 3939.51; 3911.22

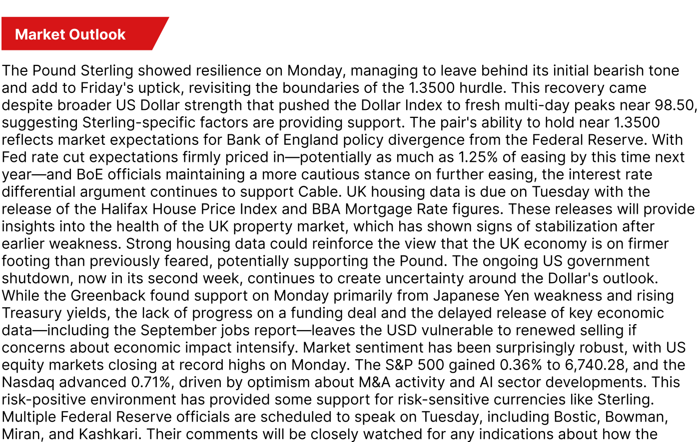
### Conclusion

Gold's relentless rally to new all-time highs near $3,970 reflects an extraordinary confluence of supportive factors: political gridlock in Washington, expectations for aggressive Fed easing, delayed economic data creating uncertainty, and persistent safe-haven demand. The technical picture shows extreme momentum with price well above the 20-period moving average at 3962.66 and the Stochastic deeply overbought. The immediate target is the psychologically significant $4,000 level at 3999.06, with further resistance at 4028.84. Support has risen to 3939.51, with stronger backing at 3911.22. While overbought conditions would normally warrant caution about a pullback, the fundamental backdrop remains overwhelmingly bullish. The lack of economic data due to the shutdown means traders will focus heavily on Fed official commentary this week. Any dovish signals could propel gold through $4,000, while signs of progress on a government funding deal could trigger profit-taking from these elevated levels.

## GBP/USD

### Previous Session Overview

GBP/USD consolidated on Monday, staying between previous support and resistance levels. Currently trading at 1.3477.




### Market Outlook

The Pound Sterling showed resilience on Monday, managing to leave behind its initial bearish tone and add to Friday's uptick, revisiting the boundaries of the 1.3500 hurdle. This recovery came despite broader US Dollar strength that pushed the Dollar Index to fresh multi-day peaks near 98.50, suggesting Sterling-specific factors are providing support. The pair's ability to hold near 1.3500 reflects market expectations for Bank of England policy divergence from the Federal Reserve. With Fed rate cut expectations firmly priced in—potentially as much as 1.25% of easing by this time next year—and BoE officials maintaining a more cautious stance on further easing, the interest rate differential argument continues to support Cable. UK housing data is due on Tuesday with the release of the Halifax House Price Index and BBA Mortgage Rate figures. These releases will provide insights into the health of the UK property market, which has shown signs of stabilization after earlier weakness. Strong housing data could reinforce the view that the UK economy is on firmer footing than previously feared, potentially supporting the Pound. The ongoing US government shutdown, now in its second week, continues to create uncertainty around the Dollar's outlook. While the Greenback found support on Monday primarily from Japanese Yen weakness and rising Treasury yields, the lack of progress on a funding deal and the delayed release of key economic data—including the September jobs report—leaves the USD vulnerable to renewed selling if concerns about economic impact intensify. Market sentiment has been surprisingly robust, with US equity markets closing at record highs on Monday. The S&P 500 gained 0.36% to 6,740.28, and the Nasdaq advanced 0.71%, driven by optimism about M&A activity and AI sector developments. This risk-positive environment has provided some support for risk-sensitive currencies like Sterling. Multiple Federal Reserve officials are scheduled to speak on Tuesday, including Bostic, Bowman, Miran, and Kashkari. Their comments will be closely watched for any indications about how the central bank plans to navigate monetary policy amid the data blackout created by the shutdown.

### Technical Outlook

- Stochastic is moving higher towards the overbought area.
- Price is consolidating slightly above the 20-period moving average.
- This suggests building bullish momentum with potential for further upside.

### Key Levels to Watch

Resistance: 1.3524; 1.3595
Support: 1.3394; 1.3324

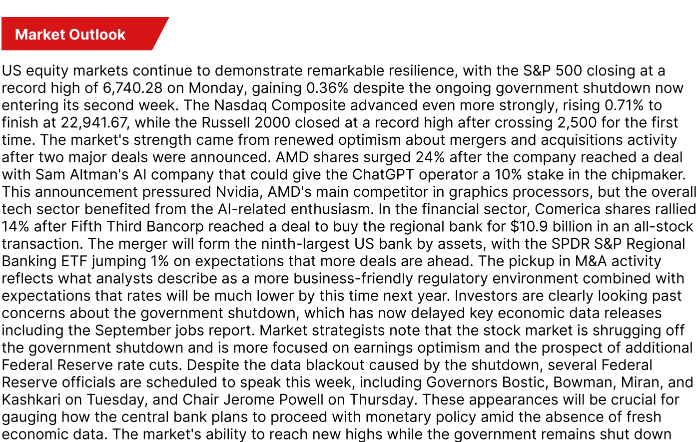
### Conclusion

GBP/USD has successfully defended the 1.3400 area and is now testing the 1.3500 psychological barrier, with price consolidating just above the 20-period moving average at 1.3477. The Stochastic indicator moving higher toward overbought territory supports the view that bulls are attempting to regain control. A sustained break above 1.3524 would confirm the bullish reversal and open the door toward 1.3595. The pair's resilience in the face of Dollar strength elsewhere suggests underlying bid interest, driven by expectations of Fed-BoE policy divergence. Today's UK housing data could provide the catalyst needed to push through 1.3500 if the numbers come in strong. Support at 1.3394 should contain any pullbacks, with stronger backing at 1.3324. The multiple Fed speakers scheduled for Tuesday create event risk—dovish commentary could accelerate GBP/USD's gains, while any hawkish surprises might trigger a retest of support levels. Overall, the technical setup favours the bulls if price remains above the 20-period moving average.

## SPX/USD (S&P 500)

### Previous Session Overview

The S&P 500 consolidated on Monday, staying between previous support and resistance levels. Currently trading at 6741.47.




### Market Outlook

US equity markets continue to demonstrate remarkable resilience, with the S&P 500 closing at a record high of 6,740.28 on Monday, gaining 0.36% despite the ongoing government shutdown now entering its second week. The Nasdaq Composite advanced even more strongly, rising 0.71% to finish at 22,941.67, while the Russell 2000 closed at a record high after crossing 2,500 for the first time. The market's strength came from renewed optimism about mergers and acquisitions activity after two major deals were announced. AMD shares surged 24% after the company reached a deal with Sam Altman's AI company that could give the ChatGPT operator a 10% stake in the chipmaker. This announcement pressured Nvidia, AMD's main competitor in graphics processors, but the overall tech sector benefited from the AI-related enthusiasm. In the financial sector, Comerica shares rallied 14% after Fifth Third Bancorp reached a deal to buy the regional bank for $10.9 billion in an all-stock transaction. The merger will form the ninth-largest US bank by assets, with the SPDR S&P Regional Banking ETF jumping 1% on expectations that more deals are ahead. The pickup in M&A activity reflects what analysts describe as a more business-friendly regulatory environment combined with expectations that rates will be much lower by this time next year. Investors are clearly looking past concerns about the government shutdown, which has now delayed key economic data releases including the September jobs report. Market strategists note that the stock market is shrugging off the government shutdown and is more focused on earnings optimism and the prospect of additional Federal Reserve rate cuts. Despite the data blackout caused by the shutdown, several Federal Reserve officials are scheduled to speak this week, including Governors Bostic, Bowman, Miran, and Kashkari on Tuesday, and Chair Jerome Powell on Thursday. These appearances will be crucial for gauging how the central bank plans to proceed with monetary policy amid the absence of fresh economic data. The market's ability to reach new highs while the government remains shut down reflects strong underlying fundamentals: expectations for significant Fed rate cuts potentially totalling 1.25% by this time next year, robust corporate earnings prospects, increasing M&A activity, and continued enthusiasm around artificial intelligence applications.

### Technical Outlook

- Stochastic is moving higher towards the overbought area.
- Price is consolidating slightly above the 20-period moving average.
- This indicates continued bullish momentum with strong technical support.

### Key Levels to Watch

Resistance: 6764.27; 6798.31
Support: 6706.33; 6671.92

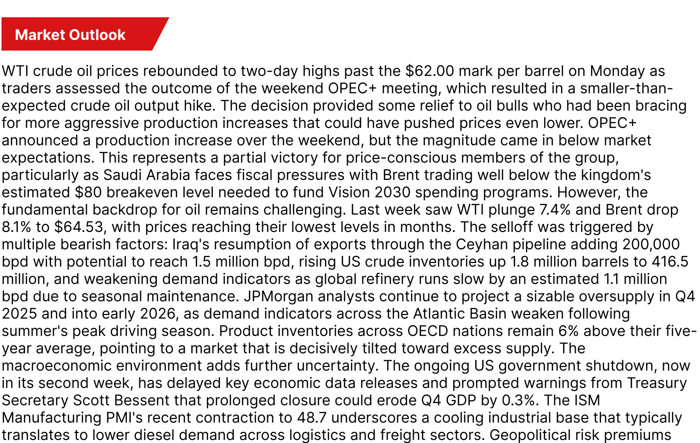
### Conclusion

The S&P 500's ability to set new record highs despite the government shutdown underscores the market's focus on longer-term fundamentals rather than short-term political noise. With price consolidating above the 20-period moving average at 6741.47 and the Stochastic moving toward overbought territory, the technical picture supports further upside potential. Immediate resistance at 6764.27 is the next target, with 6798.31 representing the next major hurdle. Support at 6706.33 should contain any profit-taking, with stronger backing at 6671.92. The key catalysts this week include multiple Fed official speeches starting Tuesday and Chair Powell's appearance Thursday. Dovish commentary reinforcing rate cut expectations could propel the index toward new highs, while any hawkish surprises might trigger consolidation. The increase in M&A activity and ongoing AI sector strength provide fundamental support beyond monetary policy expectations. However, investors should remain alert to any signs that the government shutdown is having real economic impact. For now, the trend remains firmly higher, with dips likely to be viewed as buying opportunities.

## USO/USD (WTI CRUDE OIL)

### Previous Session Overview

USO/USD consolidated on Monday, staying between previous support and resistance levels. Currently trading at 61.65.




### Market Outlook

WTI crude oil prices rebounded to two-day highs past the $62.00 mark per barrel on Monday as traders assessed the outcome of the weekend OPEC+ meeting, which resulted in a smaller-than-expected crude oil output hike. The decision provided some relief to oil bulls who had been bracing for more aggressive production increases that could have pushed prices even lower. OPEC+ announced a production increase over the weekend, but the magnitude came in below market expectations. This represents a partial victory for price-conscious members of the group, particularly as Saudi Arabia faces fiscal pressures with Brent trading well below the kingdom's estimated $80 breakeven level needed to fund Vision 2030 spending programs. However, the fundamental backdrop for oil remains challenging. Last week saw WTI plunge 7.4% and Brent drop 8.1% to $64.53, with prices reaching their lowest levels in months. The selloff was triggered by multiple bearish factors: Iraq's resumption of exports through the Ceyhan pipeline adding 200,000 bpd with potential to reach 1.5 million bpd, rising US crude inventories up 1.8 million barrels to 416.5 million, and weakening demand indicators as global refinery runs slow by an estimated 1.1 million bpd due to seasonal maintenance. JPMorgan analysts continue to project a sizable oversupply in Q4 2025 and into early 2026, as demand indicators across the Atlantic Basin weaken following summer's peak driving season. Product inventories across OECD nations remain 6% above their five-year average, pointing to a market that is decisively tilted toward excess supply. The macroeconomic environment adds further uncertainty. The ongoing US government shutdown, now in its second week, has delayed key economic data releases and prompted warnings from Treasury Secretary Scott Bessent that prolonged closure could erode Q4 GDP by 0.3%. The ISM Manufacturing PMI's recent contraction to 48.7 underscores a cooling industrial base that typically translates to lower diesel demand across logistics and freight sectors. Geopolitical risk premiums remain compressed despite ongoing tensions. The resumption of Iraqi exports and the lack of new sanctions on Russian oil have reduced supply disruption concerns. The technical bounce on Monday reflects short-covering and some relief that OPEC+ showed restraint relative to the most bearish expectations.

### Technical Outlook

- Stochastic moved lower from overbought levels
- Price is consolidating around the 20-period moving average.
- This suggests the recent bounce may be losing momentum.

### Key Levels to Watch

Resistance: 62.74; 64.48
Support: 59.46; 57.77

### Conclusion

WTI crude oil is rebound above $62 on Monday represents a technical relief rally following last week's sharp losses, driven primarily by OPEC+'s smaller-than-feared production increase. However, the Stochastic indicator pulling back from overbought levels and price consolidating around the 20-period moving average at 61.65 suggest the bounce may be running out of steam. The fundamental picture remains bearish with rising inventories, weak refinery demand, seasonal headwinds, and macroeconomic uncertainty from the US government shutdown. Immediate resistance at 62.74 will be the first test for bulls, with 64.48 representing a more significant barrier. On the downside, support at 59.46 is critical—a break below would trigger a retest of last week's lows and potentially target 57.77. Tuesday's API crude oil inventory report will be important for near-term direction. If inventories continue to build, oil could quickly reverse Monday's gains. The market remains in a precarious position where supply concerns outweigh demand optimism.

## Key events for today and tomorrow (GMT):

| Date | Time | Currency | Events | Forecast | Previous |
|---|---|---|---|---|---|
| 7 Oct | 14:00 | CAD | Ivey PMI | 51.2 | 50.1 |
| 8 Oct | 01:00 | NZD | Official Cash Rate | 2.75% | 3.00% |
| | 01:00 | NZD | RBNZ Rate Statement | | |