MH Markets

TECHNICAL

ANALYSIS REPORT

FRIDAY, MAY 08 2026

EUR/USD

Previous Session Overview

EUR/USD moved lower on Thursday, reaching near previous support levels. Currently trading at 1.1731.

Market Outlook

The euro retreated during Thursday's session as euphoria surrounding US-Iran peace negotiations dissipated, with the pair pulling back toward 1.1740 and erasing nearly all of Wednesday's gains. The reversal reflects rapidly shifting market sentiment as reports emerged indicating major disagreements remain unresolved between Washington and Tehran, particularly regarding maritime access, sanctions relief, and broader regional security conditions. Iran reportedly rejected key elements of the US-backed framework for reopening the Strait of Hormuz, with a senior Iranian official stating the country would not allow the United States to reopen the strait with an "unrealistic plan" and would not permit Washington to exit the conflict without paying reparations. The geopolitical situation deteriorated further when US Central Command announced American forces targeted Iranian military facilities responsible for launching attacks against warships transiting the strait, marking the most direct military engagement since the nominal ceasefire began. President Trump warned via Truth Social that he would "knock them out a lot harder and a lot more violently" if Iran does not sign a deal soon. The US Dollar Index traded with a softer tone near 98.10 despite the deteriorating geopolitical picture. US labour market data provided modest support for economic resilience, with Initial Jobless Claims rising to 200,000 from 190,000 but remaining below market expectations of 205,000-206,000.

Technical Outlook

- Stochastic is moving lower towards the oversold area.
- Price is moving lower and now reaches back around the 20-period moving average from above.
- This setup indicates deteriorating momentum with potential breakdown risk.

Key Levels to Watch

Resistance: 1.1772; 1.1809
Support: 1.1676; 1.1643

Conclusion

EUR/USD's retreat to the 20-period moving average at 1.1731 following Thursday's decline represents a critical technical juncture as the pair tests the support that had defined the bullish structure. The Stochastic indicator moving toward oversold territory warns that selling pressure is intensifying, though extreme readings could also signal exhaustion and potential for reversal. The pair must defend the 1.1676 support level to preserve any hope of resuming the advance, with a break below opening the path toward 1.1643 and negating Wednesday's breakout attempt. On the upside, recovery above 1.1772 resistance would be required to restore bullish confidence, with further extension toward 1.1809 possible on renewed peace deal optimism. The bias shifts to neutral-to-bearish while price tests the 20-period moving average. Friday's Nonfarm Payrolls report represents the defining catalyst, with a significantly weak print below 62,000 combined with credible Iran peace deal progress potentially salvaging the bullish case.

GOLD (XAU/USD)

Previous Session Overview

Gold consolidated on Thursday, staying between previous support and resistance levels. Currently trading at 4721.38.

Market Outlook

Gold held relatively steady near 4685 during Thursday's session and into Friday's early Asian trading, consolidating recent gains as traders adopted a cautious stance ahead of the US April employment report. The precious metal traded with a softer tone near 4710 during portions of Thursday's session, pressured by reduced safe-haven demand following Wednesday's peace deal optimism, though negotiation uncertainty continued limiting downside momentum. The geopolitical backdrop deteriorated markedly on Thursday, with US Central Command announcing American forces targeted Iranian military facilities responsible for launching attacks against warships transiting the Strait of Hormuz, marking the most direct military engagement since the nominal ceasefire began. President Trump warned via Truth Social that he would escalate attacks "a lot harder and a lot more violently" if Iran fails to sign an agreement soon. Diplomatic prospects remain deeply uncertain, with a senior Iranian official stating the country would not allow the United States to reopen the strait with an "unrealistic plan" and would not permit Washington to exit without paying reparations. The mixed signals create a challenging environment for gold positioning, with Wednesday's sharp decline in oil prices having eased inflation concerns while Thursday's military strikes revived geopolitical risk premium. The New York Fed's consumer survey showed one-year inflation expectations rose 0.2 percentage points to 3.6% in April, suggesting elevated price pressures remain embedded in household psychology.

Technical Outlook

- Stochastic is moving lower towards the oversold area.
- Price is moving lower towards the 20-period moving average from above.
- This indicates momentum deterioration with support test approaching.

Key Levels to Watch

Resistance: 4783.54; 4888.93
Support: 4606.83; 4508.88

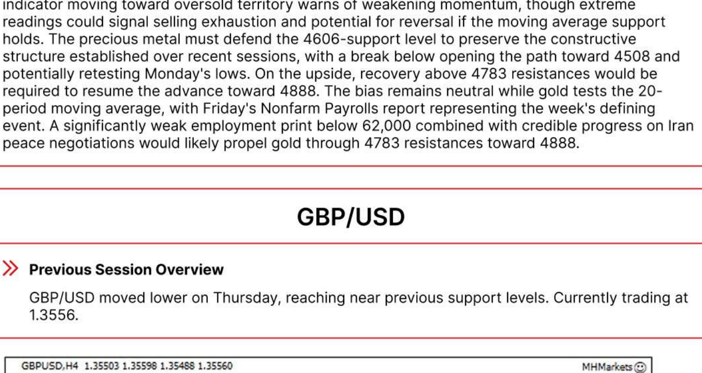
Conclusion

Gold's consolidation near 4721.38 as it approaches the 20-period moving average from above represents a critical technical test following Wednesday's surge toward 4700. The Stochastic indicator moving toward oversold territory warns of weakening momentum, though extreme readings could signal selling exhaustion and potential for reversal if the moving average support holds. The precious metal must defend the 4606-support level to preserve the constructive structure established over recent sessions, with a break below opening the path toward 4508 and potentially retesting Monday's lows. On the upside, recovery above 4783 resistances would be required to resume the advance toward 4888. The bias remains neutral while gold tests the 20-period moving average, with Friday's Nonfarm Payrolls report representing the week's defining event. A significantly weak employment print below 62,000 combined with credible progress on Iran peace negotiations would likely propel gold through 4783 resistances toward 4888.

GBP/USD

Previous Session Overview

GBP/USD moved lower on Thursday, reaching near previous support levels. Currently trading at 1.3556.



Market Outlook

[illegible]

Technical Outlook

[illegible]

Key Levels to Watch

Resistance: 1.3595; 1.3643
Support: 1.3500; 1.3455

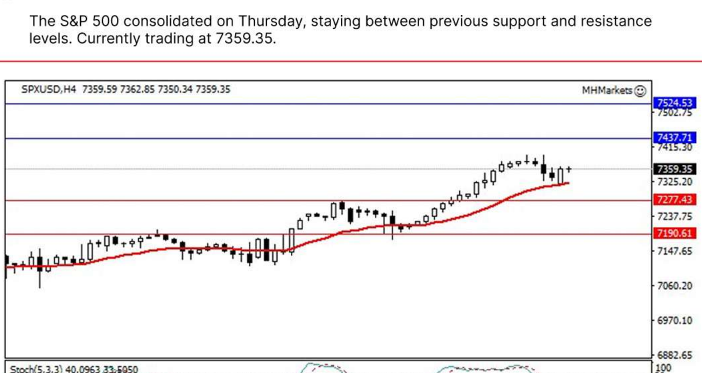
Conclusion

[illegible]

SPX/USD (S&P 500)

Previous Session Overview

The S&P 500 consolidated on Thursday, staying between previous support and resistance levels. Currently trading at 7359.35.



Market Outlook

[illegible]

Technical Outlook

[illegible]

Key Levels to Watch

Resistance: 7437.71; 7524.53
Support: 7277.43; 7190.61

Conclusion

[illegible]

USO/USD (WTI CRUDE OIL)

Previous Session Overview

USO/USD moved higher on Thursday, reaching near previous resistance levels. Currently trading at 96.24.

Market Outlook

[illegible]

Technical Outlook

[illegible]

Key Levels to Watch

Resistance: 103.54; 108.45
Support: 92.51; 87.81

Conclusion

[illegible] further extension toward 108.45 possible on any diplomatic breakdown or military escalation. On the downside, support at 92.51 must hold to prevent retest of Thursday's lows near 90, with a break below opening the path toward 87.81. The bias shifts to neutral while price consolidates around the 20-period moving average. The primary driver remains geopolitical, with Trump's explicit warning of intensified attacks if negotiations fail creating binary risk where outcomes cluster at extremes rather than middle ground.

Key events for today (GMT):

Date	Time	Currency	Events	Forecast	Previous
8 May	All Day	EUR	French Bank Holiday		
	12:30	CAD	Employment Change	5.1K	14.1K
	12:30	CAD	Unemployment Rate	6.7%	6.7%
	12:30	USD	Average Hourly Earnings m/m	0.3%	0.2%
	12:30	USD	Non-Farm Employment Change	60K	178K
	12:30	USD	Unemployment Rate	4.3%	4.3%

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