MH Markets

TECHNICAL ANALYSIS REPORT

MONDAY, MAY 11 2026

EUR/USD

Previous Session Overview

EUR/USD moved higher on Friday, reaching the previous resistance level. On Monday morning, the pair opened with a gap lower before recovering and reaching the previous resistance levels again. Currently trading at 1.1756.

Market Outlook

EUR/USD has posted two consecutive weekly gains and continues pressing higher as the US Dollar faces structural headwinds entering a pivotal week for monetary policy. Kevin Warsh officially becomes Federal Reserve Chair on Monday, May 11, marking the most consequential leadership transition since Ben Bernanke replaced Alan Greenspan in 2006. The Dollar Index has declined from the 100.41 war-peak to 97.55, levels last seen in January, representing nearly 300 points of losses in five weeks. The fundamental backdrop for EUR strength comes from multiple converging directions. The European Central Bank's hawkish pivot has become increasingly pronounced, with President Lagarde acknowledging inflation risks tilted to the upside. Anonymous sources confirm the ECB expects to hike in June and again later in the year if Brent crude holds above 100 per barrel. Eurozone April HICP rose to 3.0% year-over-year, marking the highest reading since September 2023, prompting markets to price approximately 75 basis points of ECB tightening by year-end. Tuesday's US April CPI report will be the defining event for the pair this week, with Wells Fargo forecasting headline CPI at 3.8% annually with core at 2.9%.

Technical Outlook

- Stochastic is trying to cross lower inside the overbought area.
- Price is currently moving above the 20-period moving average following Monday morning's gap and recovery.
- This setup indicates strong bullish momentum with potential for near-term consolidation.

Key Levels to Watch

Resistance: 1.1823; 1.1848
Support: 1.1720; 1.1689

Conclusion

EUR/USD maintains its bullish trajectory despite Monday's opening gap lower, with the pair recovering to trade above the 20-period moving average at 1.1756. The Stochastic showing signs of potential reversal within overbought territory suggests the pair may consolidate in the near term after its strong recent advance. However, the overall trend remains firmly bullish as long as price stays above the 1.1720 support level. Immediate resistance at 1.1823 is the next target, with a break above opening the path toward 1.1848. The convergence of Warsh's Fed chairmanship beginning, Tuesday's crucial CPI data, and the pending Iran proposal response creates exceptional volatility potential. A soft CPI combined with positive developments on the Iran diplomatic front could propel EUR/USD toward 1.1900 and beyond, while a hot inflation print would likely trigger a correction toward 1.1720 support. The ECB's increasingly hawkish stance versus potential Fed policy uncertainty under new leadership provides structural support for further Euro strength.

GOLD (XAU/USD)

Previous Session Overview

Gold consolidated higher on Friday, reaching near the previous resistance levels. On Monday morning, the precious metal opened with a gap lower and is now moving in the middle between the previous support and resistance levels. Currently trading at 4679.49.

Market Outlook

Gold staged a dramatic and volatile week, characterized by sharp reversals tied to shifting Iran war narratives. The precious metal dropped nearly 2% on Monday following Trump's announcement of Project Freedom, a US Navy escort operation for oil vessels. It rebounded Tuesday when the operation was paused, then gained nearly 3% Wednesday when multiple news outlets reported the US and Iran were closing in on a final agreement. Prices rose to a two-week high above 4760 Thursday morning before losing traction Thursday afternoon after US forces targeted Iranian military facilities. Tuesday's April CPI release stands as the defining catalyst for Gold's trajectory this week. Wells Fargo forecasts headline CPI at plus 0.63% monthly, lifting the annual rate to 3.8%, with core CPI at plus 0.50% monthly and 2.9% year-over-year. A stronger-than-forecast monthly core CPI would indicate spillover from energy inflation, strengthening the Dollar and pressuring gold lower. Conversely, a soft-core CPI would weaken the Dollar and provide dedicated support for precious metals. The Iran proposal response expected from Tehran during the weekend represents the geopolitical variable that supersedes all economic data.

Technical Outlook

- Stochastic is consolidating in the middle area.
- Price is currently moving around the 20-period moving average due to Monday morning's lower gap.
- This suggests a period of consolidation following recent volatility.

Key Levels to Watch

Resistance: 4783.54; 4880.28
Support: 4606.83; 4508.88

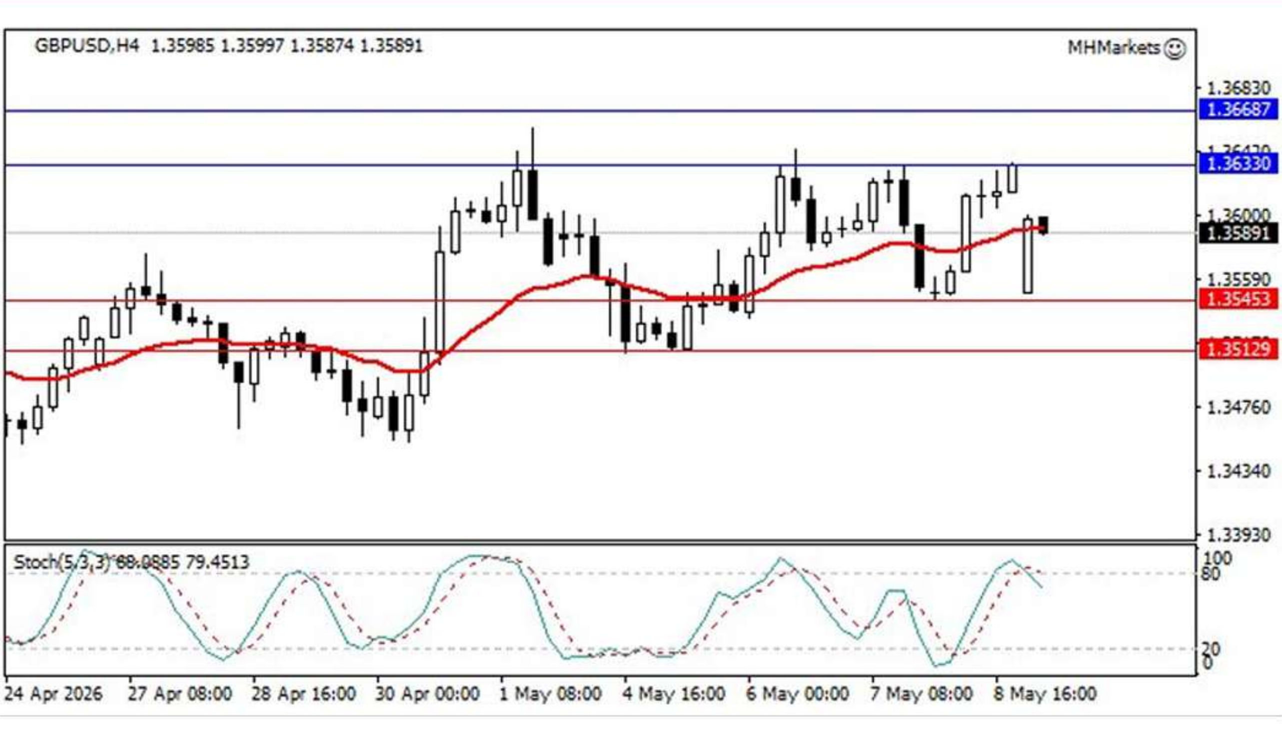
Conclusion

Gold is navigating a critical inflection point, trading around the 20-period moving average at 4679.49 following Monday's gap opening. The Stochastic consolidating in the middle area suggests indecision after last week's whipsaw price action, with the market awaiting clear directional catalysts. The critical resistance at 4783.54 aligns with the 50-day and 100-day simple moving average cluster that has proven formidable in recent sessions. A decisive break above this level would open the path toward 4880.28 and potentially the psychological 5000 level. On the downside, support at 4606.83 must hold to maintain the constructive outlook, with a break below potentially triggering a deeper correction toward 4508.88. This week's dual catalysts—Tuesday's CPI report and the Iran proposal response—will likely determine whether Gold can resume its advance or faces further consolidation. The most bullish scenario involves a soft CPI reading combined with Iran accepting the peace proposal, which could propel Gold through 4783.54 resistance decisively. Conversely, a hot CPI and diplomatic failure would likely pressure Gold toward the 4606.83 support level.

GBP/USD

Previous Session Overview

GBP/USD moved higher on Friday, reaching the previous resistance level. On Monday morning, the pair opened with a gap lower before recovering and moving back higher to reach near the previous resistance levels. Currently trading at 1.3589.



Market Outlook

GBP/USD has achieved a technical milestone that eluded bulls for four consecutive attempts over three weeks: a clean close above the 1.3600 triple top resistance level. The pair reached 1.3631 last week, marking the most significant Cable technical development of the entire war period. This breakout is structurally validated by the most hawkish Bank of England communication since the conflict began. The BoE's most recent decision delivered an 8-1 hold with Chief Economist Huw Pill dissenting in favour of a 25-basis point rate hike, representing the first hawkish dissent of the war period. Governor Bailey explicitly stated it would be a mistake to wait for second-round inflation effects to materialize before acting, providing clear forward guidance on the Committee's intentions. Markets are now pricing approximately 60 basis points of BoE tightening by year-end, the largest tightening premium of any major central bank. This Fed-BoE policy divergence serves as the structural engine powering Cable's recovery from 1.3219 war lows to current levels near 1.3589. Thursday's UK first-quarter GDP first estimate will provide the most comprehensive assessment of the war's economic impact through the first quarter.

Technical Outlook

- Stochastic is trying to cross lower inside the overbought area.
- Price is currently moving around the 20-period moving average following Monday morning's lower gap and subsequent higher movement.
- This setup suggests potential near-term consolidation after the recent breakout.

Key Levels to Watch

Resistance: 1.3633; 1.3669
Support: 1.3545; 1.3513

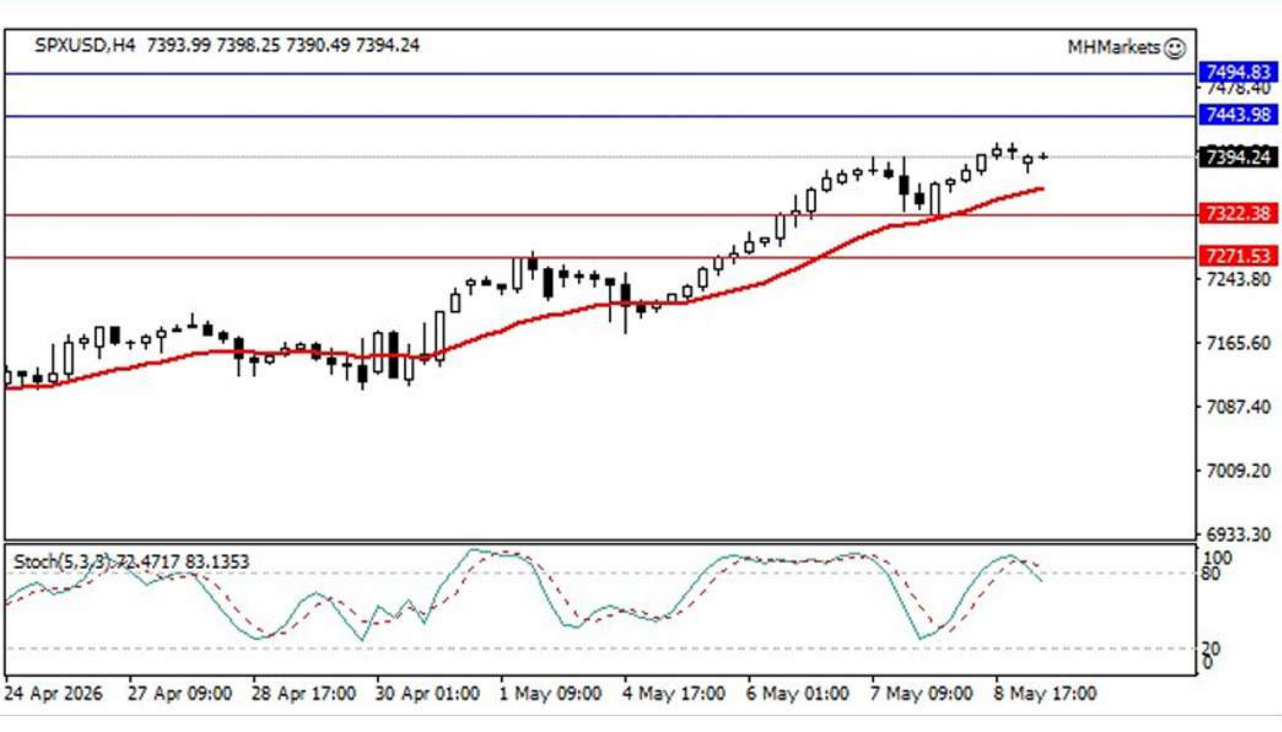
Conclusion

GBP/USD maintains its constructive posture despite Monday's opening gap lower, with the pair recovering to trade around the 20-period moving average at 1.3589. The Stochastic attempting to cross lower within overbought territory indicates the market may consolidate in the near term following the successful break above the 1.3600 triple top resistance. However, the overall bullish trend remains intact as long as the pair holds above 1.3545 support. Immediate resistance at 1.3633 represents the prior week's high and serves as the next hurdle, with a break above targeting 1.3669. The Fed-BoE policy divergence narrative continues to provide fundamental support, with markets pricing substantially more tightening from the Bank of England compared to an increasingly uncertain Federal Reserve under new leadership. Thursday's UK GDP data represents the week's primary GBP catalyst, with robust growth figures likely to reinforce the case for BoE tightening and push Cable higher. Tuesday's US CPI provides a counter-risk—a hot inflation print could trigger Dollar strength and pressure GBP/USD back toward 1.3545 support.

SPX/USD (S&P 500)

Previous Session Overview

The S&P 500 moved higher on Friday, reaching near the previous resistance level. On Monday morning, the index opened with a slight gap lower but remains near the previous resistance levels. Currently trading at 7394.24.



Market Outlook

The S&P 500 posted its seventh consecutive weekly advance, extending the longest winning streak since October 2024 and closing at new all-time highs near 7394 to 7400. The Nasdaq simultaneously reached approximately 29000 to 29235, with the combined indices rising 17% and 27% respectively from their March 30 bottoms in what analysts describe as one of the strongest reversals in US stock market history. The driver behind this extraordinary rally is unambiguous: AI-driven corporate earnings momentum has overwhelmed geopolitical uncertainty. The first-quarter 2026 earnings season delivered a historically significant verdict, with aggregate earnings growth of 27.8% year-over-year marking the highest rate since the fourth quarter of 2021. An impressive 83% of reporting companies beat earnings estimates while 78% exceeded revenue expectations. However, significant risks loom over this rally. The 30-year Treasury yield pressing toward the 4.97% to 5.08% zone represents the primary structural risk to equity valuations. The week ahead is defined by Tuesday's April CPI report and Friday's Trump-Xi meeting in China.

Technical Outlook

- Stochastic is trying to cross lower inside the overbought area.
- Price is moving above the 20-period moving average.
- This setup indicates strong bullish momentum but potential for near-term consolidation.

Key Levels to Watch

Resistance: 7443.98; 7494.83
Support: 7322.38; 7271.53

Conclusion

The S&P 500 maintains its impressive advance, trading at 7394.24 above the 20-period moving average despite Monday's slight opening gap lower. The Stochastic attempting to cross lower within extremely overbought territory suggests the market may be approaching a consolidation phase or modest pullback after seven consecutive weekly gains. However, the overall bullish trend remains firmly intact, supported by extraordinary earnings momentum and persistent AI-driven optimism. Immediate resistance at 7443.98 represents the next target, with a break above opening the path toward 7494.83. Support at 7322.38 should contain any near-term weakness, with more substantial support at 7271.53. The convergence of critical events this week—Warsh's Fed chairmanship beginning, Tuesday's CPI data, the Iran proposal response, and Friday's Trump-Xi meeting—creates exceptional potential for volatility. A soft CPI combined with positive Iran developments could propel the index through 7443.98 toward 7494.83 and beyond. Conversely, a hot inflation print or diplomatic failure could trigger a correction toward 7322.38 as investors reassess valuations in light of higher-for-longer rate expectations.

USO/USD (WTI CRUDE OIL)

Previous Session Overview

USO/USD consolidated lower on Friday, remaining between the support and resistance levels. On Monday morning, the commodity opened with a gap higher but still trades between the previous support and resistance levels. Currently trading at 100.30.

Market Outlook

WTI crude oil posted a dramatic 7.39% weekly loss, marking its sharpest weekly decline since the Hormuz reopening announcement in mid-April. The primary driver was Iran's submission of a peace proposal to Pakistani mediators, which triggered immediate de-escalation pricing across energy markets. However, Monday's gap higher opening reflects renewed uncertainty following Thursday's US strikes on Iranian military facilities. The Strait of Hormuz situation remains the central supply variable driving oil markets. Iran's official response to the US 14-point memorandum, expected during the weekend, represents the defining catalyst for oil prices this week. If Iran accepts the proposal, markets will price in a full Hormuz reopening scenario, potentially sending WTI below the critical 89 support level toward 81.74. Conversely, if Iran rejects the US proposal and Trump orders fresh strikes, WTI would spike back above 104 immediately as markets reprice extended supply disruption risk. The University of Michigan Consumer Sentiment deteriorating to its all-time low in May, with households feeling pain from elevated gasoline prices, provides the most powerful demand destruction signal yet.

Technical Outlook

- Stochastic is trying to cross higher near the oversold area.
- Price opened with a gap higher and is now moving above the 20-period moving average, having previously closed below it on Friday.
- This setup indicates renewed bullish momentum following last week's sharp decline.

Key Levels to Watch

Resistance: 103.54; 107.78
Support: 94.49; 90.43

Conclusion

WTI crude oil is navigating extreme uncertainty, trading at 100.30 following Monday's gap higher opening that has repositioned price above the 20-period moving average. The Stochastic attempting to cross higher near oversold levels suggests last week's 7.39% decline may have been overdone, particularly if diplomatic efforts fail to produce a peace agreement. Immediate resistance at 103.54 represents the first significant barrier, with a break above targeting 107.78 and reinstating the supply disruption premium. On the downside, support at 94.49 must hold to maintain the constructive near-term bias, with a break below exposing 90.43 and the critical triple SMA cluster. The Iran proposal response will be the defining variable—acceptance would likely trigger another sharp move lower toward support levels, while rejection and military re-escalation would propel prices back toward 104 and potentially higher. Tuesday's US CPI data provides a secondary catalyst, as a hot inflation print would reinforce concerns about persistent energy-driven price pressures. The technical reversal evidenced by Monday's gap combined with oversold Stochastic readings suggests short-term momentum favours range-bound to higher prices.

Key events for today and tomorrow (GMT):

Date	Time	Currency	Events	Forecast	Previous
11 May			No Key Events for Today		
12 May	12:30	USD	Core CPI m/m	0.3%	0.2%
	12:30	USD	CPI m/m	0.6%	0.9%
	12:30	USD	CPI y/y	3.7%	3.3%