



TECHNICAL

ANALYSIS REPORT

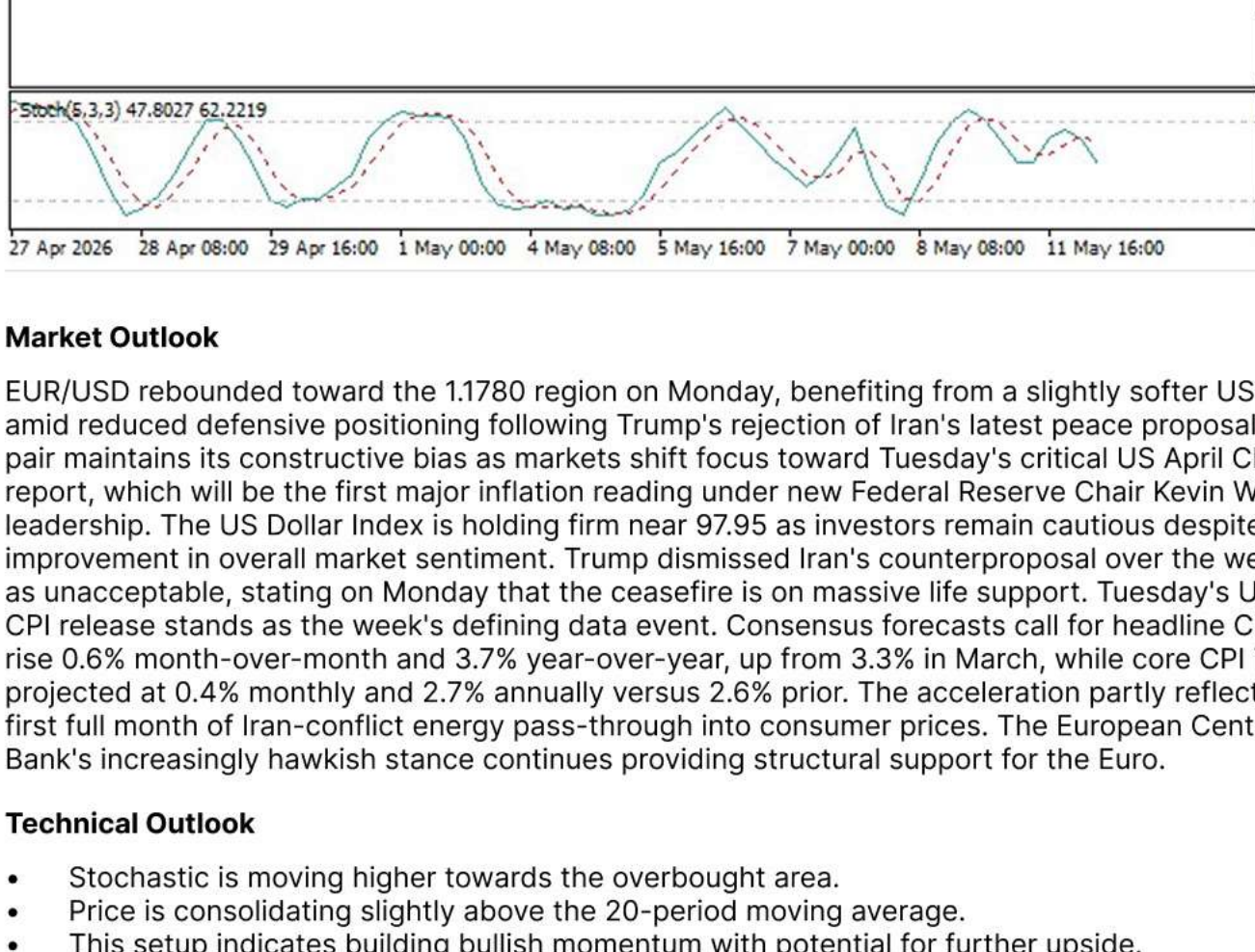
TUESDAY, MAY 12 2026



EUR/USD

Previous Session Overview

EUR/USD consolidated higher on Monday, remaining between previous support and resistance levels. Currently trading at 1.1756.



Market Outlook

EUR/USD rebounded toward the 1.1780 region on Monday, benefiting from a slightly softer US Dollar amid reduced defensive positioning following Trump's rejection of Iran's latest peace proposal. The pair maintains its constructive bias as markets shift focus toward Tuesday's critical US April CPI report, which will be the first major inflation reading under new Federal Reserve Chair Kevin Warsh's leadership. The US Dollar Index is holding firm near 97.95 as investors remain cautious despite some improvement in overall market sentiment. Trump dismissed Iran's counterproposal over the weekend as unacceptable, stating on Monday that the ceasefire is on massive life support. Tuesday's US April CPI release stands as the week's defining data event. Consensus forecasts call for headline CPI to rise 0.6% month-over-month and 3.7% year-over-year, up from 3.3% in March, while core CPI is projected at 0.4% monthly and 2.7% annually versus 2.6% prior. The acceleration partly reflects the first full month of Iran-conflict energy pass-through into consumer prices. The European Central Bank's increasingly hawkish stance continues providing structural support for the Euro.

Technical Outlook

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

Key Levels to Watch

Resistance: 1.1823; 1.1848

Support: 1.1735; 1.1707

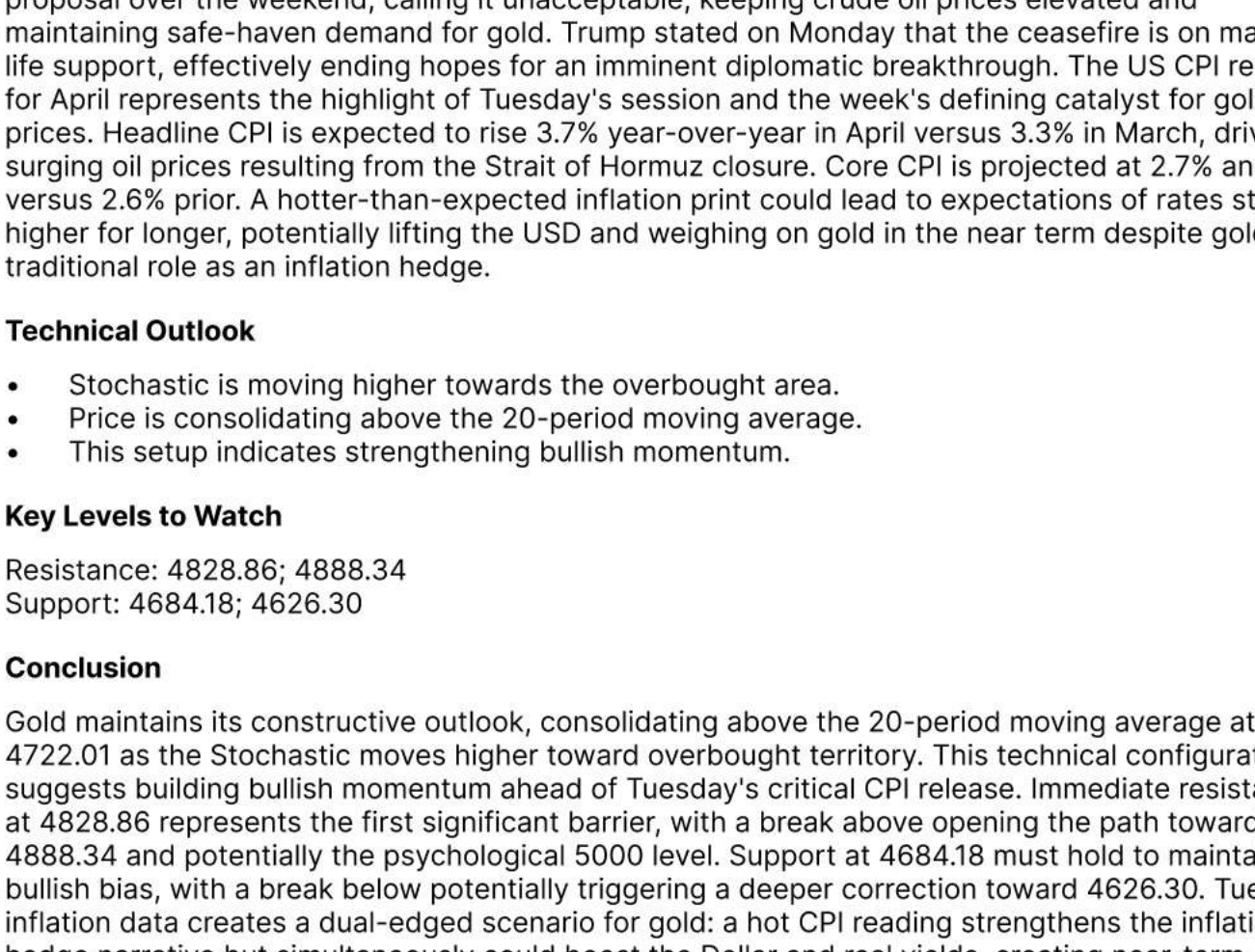
Conclusion

EUR/USD maintains its bullish posture, consolidating slightly above the 20-period moving average at 1.1756 ahead of Tuesday's crucial CPI data. The Stochastic moving higher toward overbought territory suggests strengthening bullish momentum, though the pair remains range-bound between 1.1735 support and 1.1823 resistance. The overall trend favours Euro strength as long as price holds above 1.1735, with immediate resistance at 1.1823 representing the next target. A break above would open the path toward 1.1848 and potentially the psychological 1.1900 level. The convergence of key events—Tuesday's CPI report, Wednesday's Trump-Xi meeting in Beijing, and ongoing Iran diplomatic tensions—creates exceptional volatility potential. A soft CPI reading would likely propel EUR/USD through 1.1823 resistance decisively, while a hot inflation print could trigger a correction toward 1.1735 support. The ECB's hawkish policy stance versus Fed uncertainty under new leadership provides fundamental support for further Euro gains, though near-term direction will be heavily influenced by Tuesday's inflation data and any developments in US-Iran negotiations.

GOLD (XAU/USD)

Previous Session Overview

Gold moved higher on Monday, reaching near previous resistance levels. Currently trading at 4722.01.



Market Outlook

Gold trades in positive territory around 4750 during the early Asian session on Tuesday as traders assess deteriorating US-Iran diplomacy and position ahead of the critical US inflation data due later in the day. The precious metal has drifted higher from last week's lows, supported by ongoing geopolitical uncertainty and cautious market positioning. President Trump rejected Iran's peace proposal over the weekend, calling it unacceptable, keeping crude oil prices elevated and maintaining safe-haven demand for gold. Trump stated on Monday that the ceasefire is on massive life support, effectively ending hopes for an imminent diplomatic breakthrough. The US CPI report for April represents the highlight of Tuesday's session and the week's defining catalyst for gold prices. Headline CPI is expected to rise 3.7% year-over-year in April versus 3.3% in March, driven by surging oil prices resulting from the Strait of Hormuz closure. Core CPI is projected at 2.7% annually versus 2.6% prior. A hotter-than-expected inflation print could lead to expectations of rates staying higher for longer, potentially lifting the USD and weighing on gold in the near term despite gold's traditional role as an inflation hedge.

Technical Outlook

- Stochastic is moving higher towards the overbought area.
- Price is consolidating above the 20-period moving average.
- This setup indicates strengthening bullish momentum.

Key Levels to Watch

Resistance: 4828.86; 4888.34

Support: 4684.18; 4626.30

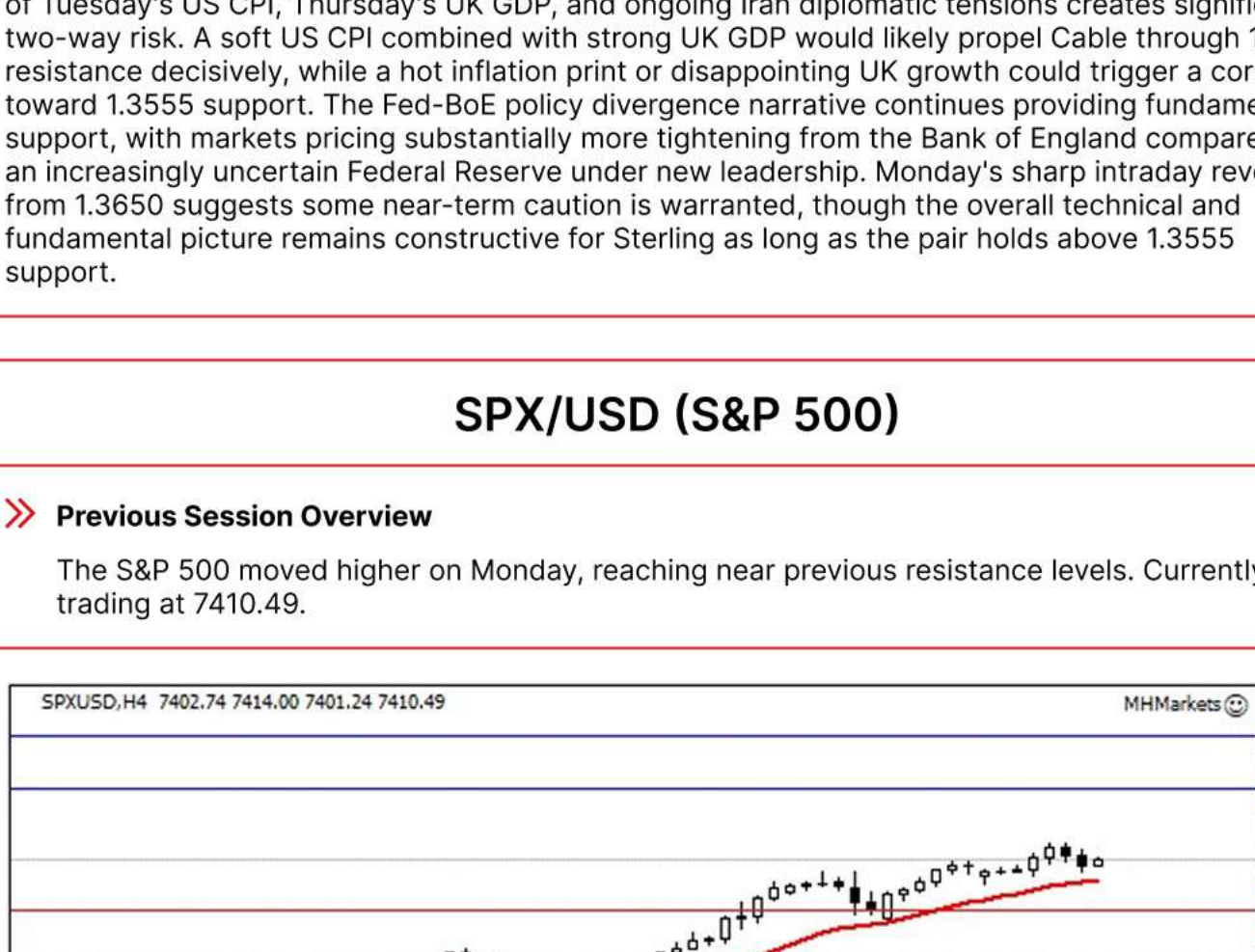
Conclusion

Gold maintains its constructive outlook, consolidating above the 20-period moving average at 4722.01 as the Stochastic moves higher toward overbought territory. This technical configuration suggests building bullish momentum ahead of Tuesday's critical CPI release. Immediate resistance at 4828.86 represents the first significant barrier, with a break above opening the path toward 4888.34 and potentially the psychological 5000 level. Support at 4684.18 must hold to maintain the bullish bias, with a break below potentially triggering a deeper correction toward 4626.30. Tuesday's inflation data creates a dual-edged scenario for gold: a hot CPI reading strengthens the inflation hedge narrative but simultaneously could boost the Dollar and real yields, creating near-term headwinds. Conversely, a soft print would weaken the Dollar and support gold prices. The ongoing US-Iran diplomatic failure maintains geopolitical risk premiums, with Trump's massive life support characterization of the ceasefire suggesting limited near-term resolution prospects. The convergence of inflation uncertainty under new Fed leadership, unresolved Middle East tensions, and Wednesday's Trump-Xi meeting creates exceptional volatility potential.

GBP/USD

Previous Session Overview

GBP/USD moved higher on Monday, reaching previous resistance levels. Currently trading at 1.3581.



Market Outlook

Sterling pulled back from a fresh peak near 1.3650 on Monday, easing close to 1.3610 through European trade after a sharp intraday reversal unwound most of the overnight gains. The pair advances near 1.3615, supported by stabilizing market sentiment and modest USD consolidation as markets await this week's critical data releases. The week ahead is heavily US-focused with Tuesday's April CPI representing the defining event for Cable's near-term trajectory. Consensus calls for 0.6% month-over-month and 3.7% year-over-year headline inflation, with 0.4% monthly and 2.7% annually for core—partly reflecting the first full month of Iran-conflict energy pass-through. On the UK side, Thursday's first-quarter GDP preliminary print at 0.6% quarter-over-quarter and 0.8% year-over-year represents the only domestic catalyst with real potential to move the pair. An upside surprise would help the Pound break free of consolidation and potentially target the 1.3695 resistance zone. The Bank of England's increasingly hawkish stance continues providing fundamental support for Sterling. Markets are pricing approximately 60 basis points of BoE tightening by year-end, the largest tightening premium of any major central bank.

Technical Outlook

- Stochastic is trying to cross lower near the overbought area.
- Price is consolidating slightly above the 20-period moving average.
- This setup suggests potential near-term consolidation after recent gains.

Key Levels to Watch

Resistance: 1.3653; 1.3695

Support: 1.3555; 1.3511

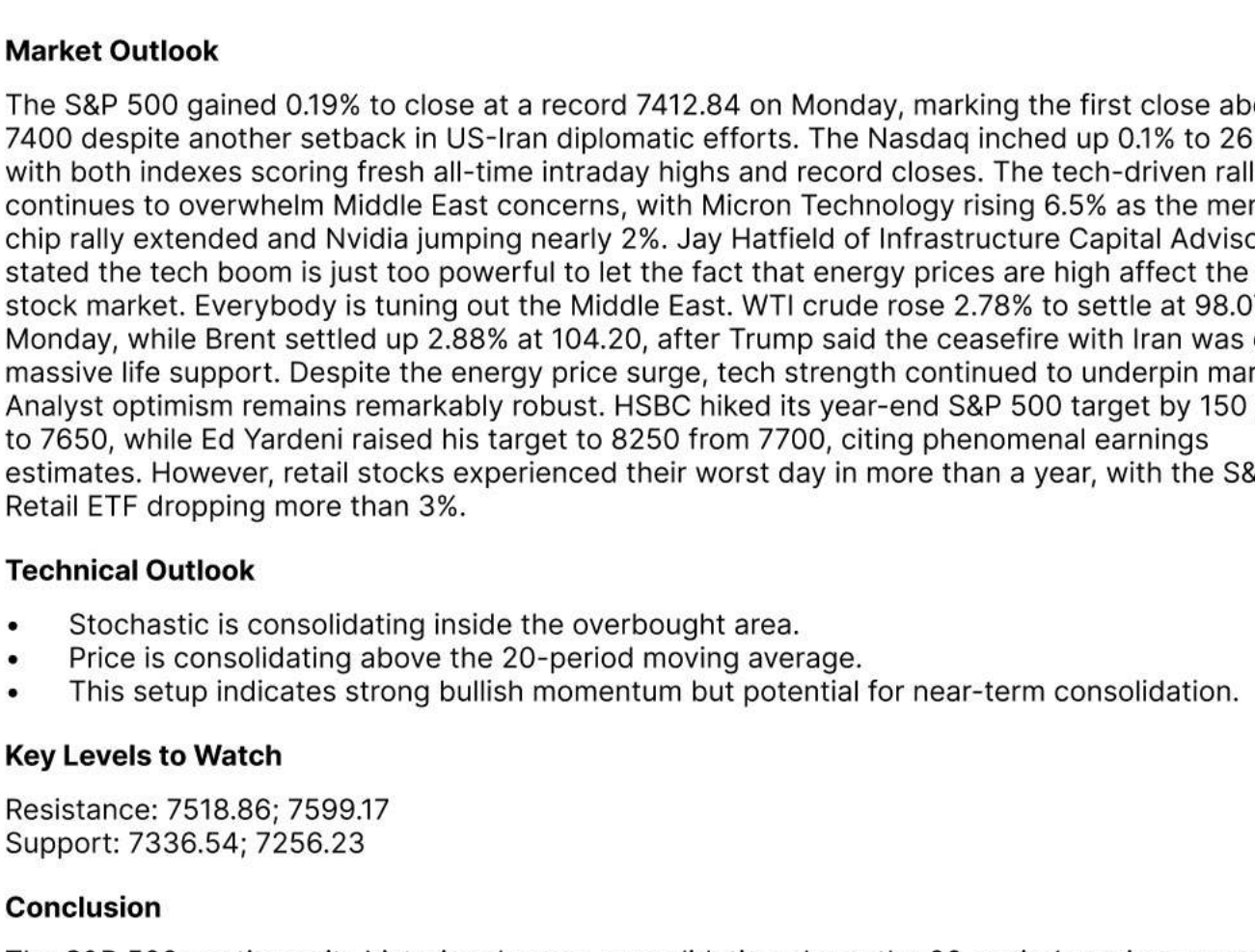
Conclusion

GBP/USD consolidates slightly above the 20-period moving average at 1.3581, with the Stochastic attempting to cross lower near overbought levels suggesting potential for near-term consolidation or modest pullback. Immediate resistance at 1.3653 represents the next hurdle, with a break above targeting 1.3695 and reinforcing the bullish breakthrough above the 1.3600 triple top. Support at 1.3555 should contain any near-term weakness, with more substantial support at 1.3511. The convergence of Tuesday's US CPI, Thursday's UK GDP, and ongoing Iran diplomatic tensions creates significant two-way risk. A soft US CPI combined with strong UK GDP would likely propel Cable through 1.3653 resistance decisively, while a hot inflation print or disappointing UK growth could trigger a correction toward 1.3555 support. The Fed-BoE policy divergence narrative continues providing fundamental support, with markets pricing substantially more tightening from the Bank of England compared to an increasingly uncertain Federal Reserve under new leadership. Monday's sharp intraday reversal from 1.3650 suggests some near-term caution is warranted, though the overall technical and fundamental picture remains constructive for Sterling as long as the pair holds above 1.3555 support.

SPX/USD (S&P 500)

Previous Session Overview

The S&P 500 moved higher on Monday, reaching near previous resistance levels. Currently trading at 7410.49.



Market Outlook

The S&P 500 gained 0.19% to close at record 7412.84 on Monday, marking the first close above 7400 despite another setback in US-Iran diplomatic efforts. The Nasdaq inched up 0.1% to 26274.13, with both indexes scoring fresh all-time intraday highs and record closes. The tech-driven rally continues to overwhelm Middle East concerns, with Micron Technology rising 6.5% as the memory chip rally extended and Nvidia jumping nearly 2%. Jay Hatfield of Infrastructure Capital Advisors stated the tech boom is too powerful to let the fact that energy prices are high affect the US stock market. Everybody is tuning out the Middle East. WTI crude rose 2.78% to settle at 98.07 on Monday, while Brent settled up 2.88% at 104.20, after Trump said the ceasefire with Iran was on massive life support. Despite the energy price surge, tech strength continued to underpin markets. Analyst optimism remains remarkably robust. HSBC hiked its year-end S&P 500 target by 150 points to 7650, while Ed Yardeni raised his target to 8250 from 7700, citing phenomenal earnings estimates. However, retail stocks experienced their worst day in more than a year, with the S&P Retail ETF dropping more than 3%.

Technical Outlook

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

Key Levels to Watch

Resistance: 7518.86; 7599.17

Support: 7336.54; 7256.33

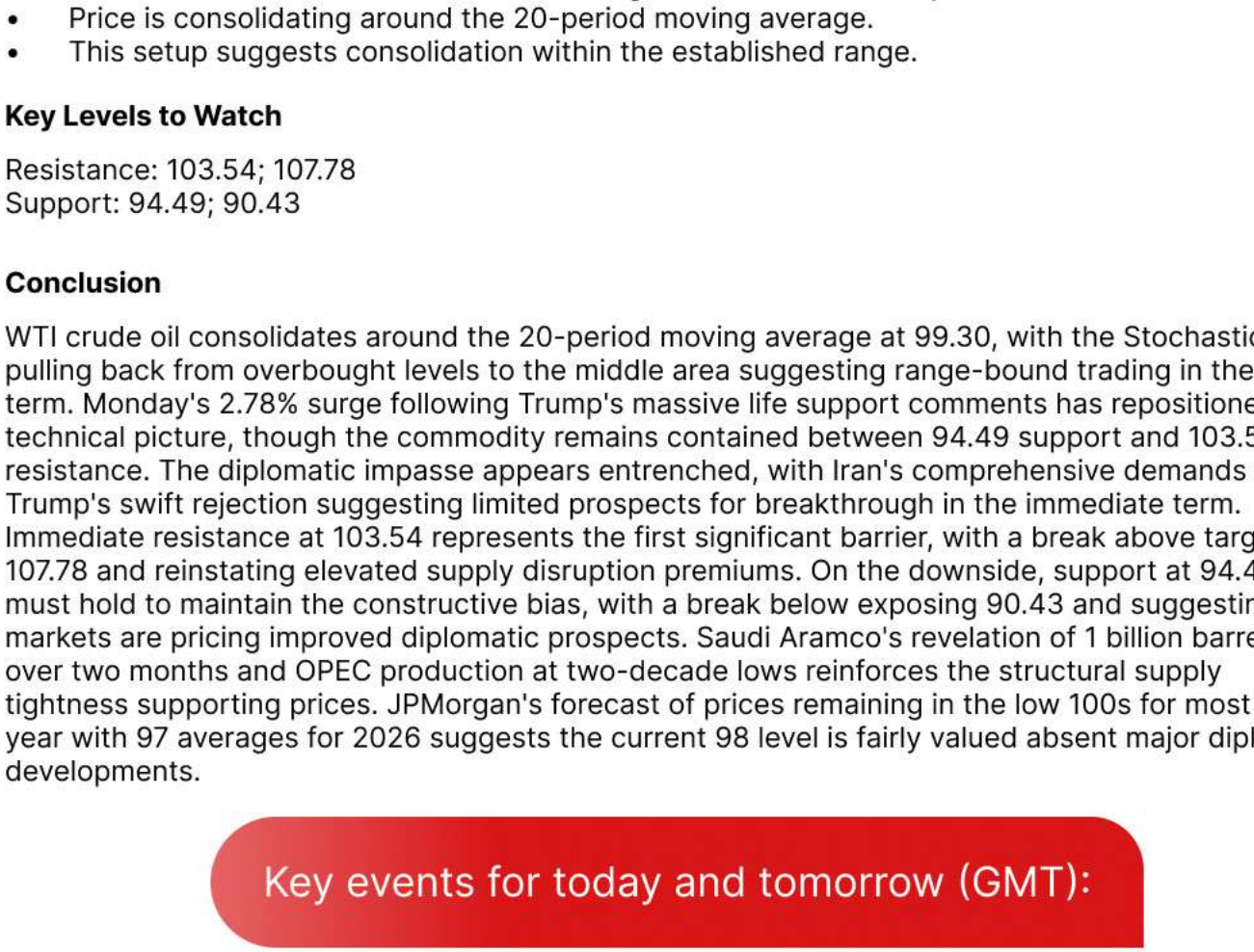
Conclusion

The S&P 500 continues its historic advance, consolidating above the 20-period moving average at 7410.49 with the Stochastic entrenched in overbought territory. The first close above 7400 represents a psychological milestone, though the extreme overbought technical conditions suggest caution is warranted. Immediate resistance at 7518.86 represents the next target, with a break above opening the path toward 7599.17 and potentially the upgraded analyst targets in the 7650 to 8250 range. Support at 7336.54 should contain any near-term weakness, with more substantial support at 7256.23. The market's ability to set new record highs despite Trump's massive life support characterization of the Iran ceasefire and WTI rising nearly 3% demonstrates the extraordinary power of the AI-driven tech rally. However, Tuesday's CPI report creates significant two-way risk—a hot print could trigger profit-taking from stretched levels as markets reassess the higher-for-longer rate scenario, while a soft reading would reinforce the goldilocks narrative supporting further gains. The divergence between tech strength and retail weakness suggests selectivity is emerging, with energy-sensitive consumer sectors showing strain.

USO/USD (WTI CRUDE OIL)

Previous Session Overview

USO/USD consolidated on Monday, remaining between previous support and resistance levels. Currently trading at 99.30.



Market Outlook

Oil prices settled almost 3% higher on Monday after President Trump said the ceasefire with Iran was on massive life support, leaving the Strait of Hormuz largely closed and dashing hopes for an imminent diplomatic resolution. Brent settled up 2.92 or 2.88% at 104.21 per barrel, while WTI settled at 98.07, up 2.65 or 2.78%. Both benchmarks had recorded 6% weekly losses the prior week on hopes for an imminent deal. Trump dismissed Iran's counterproposal within hours as unacceptable. Saudi Aramco CEO Amin Nasser provided crucial context on the supply disruption, stating that the world has lost approximately 1 billion barrels of oil over the past two months and energy markets will take considerable time to stabilize even if flows resume. OPEC output in April fell by 830000 barrels per day month-over-month to 20.04 million bpd—the lowest in more than two decades. JPMorgan analysts expect oil prices to remain in the low 100s for most of the rest of this year, averaging 97 for 2026 with no quick normalization anticipated once Hormuz reopens. Trump is scheduled to arrive in Beijing on Wednesday for meetings with Xi Jinping, with the Iran war among the agenda items.

Technical Outlook

- Stochastic moved lower from the overbought area but is currently held in the middle area.
- Price is consolidating around the 20-period moving average.
- This setup suggests consolidation within the established range.

Key Levels to Watch

Resistance: 103.54; 107.78

Support: 94.49; 90.43

Conclusion

WTI crude oil consolidates around the 20-period moving average at 99.30, with the Stochastic pulling back from overbought levels to the middle area suggesting range-bound trading in the near term. Monday's 2.78% surge following Trump's massive life support comments has repositioned the technical picture, though the commodity remains contained between 94.49 support and 103.54 resistance. The diplomatic impasse appears entrenched, with Iran's comprehensive demands and Trump's swift rejection suggesting limited prospects for breakthrough in the immediate term. Immediate resistance at 103.54 represents the first significant barrier, with a break above targeting 107.78 and reinstating elevated supply disruption premiums. On the downside, support at 94.49 must hold to maintain the constructive bias, with a break below exposing 90.43 and suggesting markets are pricing improved diplomatic prospects. Saudi Aramco's revelation of 1 billion barrels lost over two months and OPEC production at two-decade lows reinforces the structural supply tightness supporting prices. JPMorgan's forecast of prices remaining in the low 100s for most of the year with 97 averages for 2026 suggests the current 98 level is fairly valued absent major diplomatic developments.

Key events for today and tomorrow (GMT):

Date	Time	Currency	Events	Forecast	Previous
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%
13 May	Tentative	USD	Fed Chair Nomination Vote		
	12:30	USD	Core PPI m/m	0.3%	0.1%
	12:30	USD	PPI m/m	0.5%	0.5%