MH Markets

TECHNICAL
ANALYSIS REPORT

FRIDAY, MAY 15 2026

EUR/USD

Previous Session Overview

EUR/USD moved lower on Thursday, reaching below previous support levels. Currently trading at 1.1651.

Market Outlook

EUR/USD falls toward 1.1670 on Thursday, extending losses for a third consecutive day as rising US Treasury yields and broad Dollar demand pressure the shared currency. The pair edges lower by 0.22%, trading at 1.1679 after reaching a high of 1.1721, breaking below the 200-day simple moving average in a significant technical development that signals deteriorating momentum. The US Dollar Index rises toward 98.80—fresh two-week highs—after US Retail Sales rose 0.5% in April, highlighting consumer resilience despite elevated borrowing costs and surging energy prices. Year-over-year sales jumped 4.9% against the 3.3% expectation, demonstrating surprising strength in the face of inflation pressures. Additional Dollar support came after reports that Stephen Miran submitted his resignation from the Fed Board of Governors, paving the way for Kevin Warsh's full authority as Fed Chair. The inflation backdrop continues to deteriorate, with this week's hotter-than-expected CPI at 3.8% and PPI at 6.0% pushing inflation further from the Fed's 2% target. Traders have raised the probability of a Fed rate hike at the December meeting to approximately 42% from 33% the prior day. Kansas City Fed President Schmid called inflation the most pressing risk to the US economy.

Technical Outlook

- Stochastic is moving lower towards the oversold area.
- Price is moving lower below the 20-period moving average.
- This setup indicates accelerating bearish momentum.

Key Levels to Watch

Resistance: 1.1698; 1.1739
Support: 1.1597; 1.1560

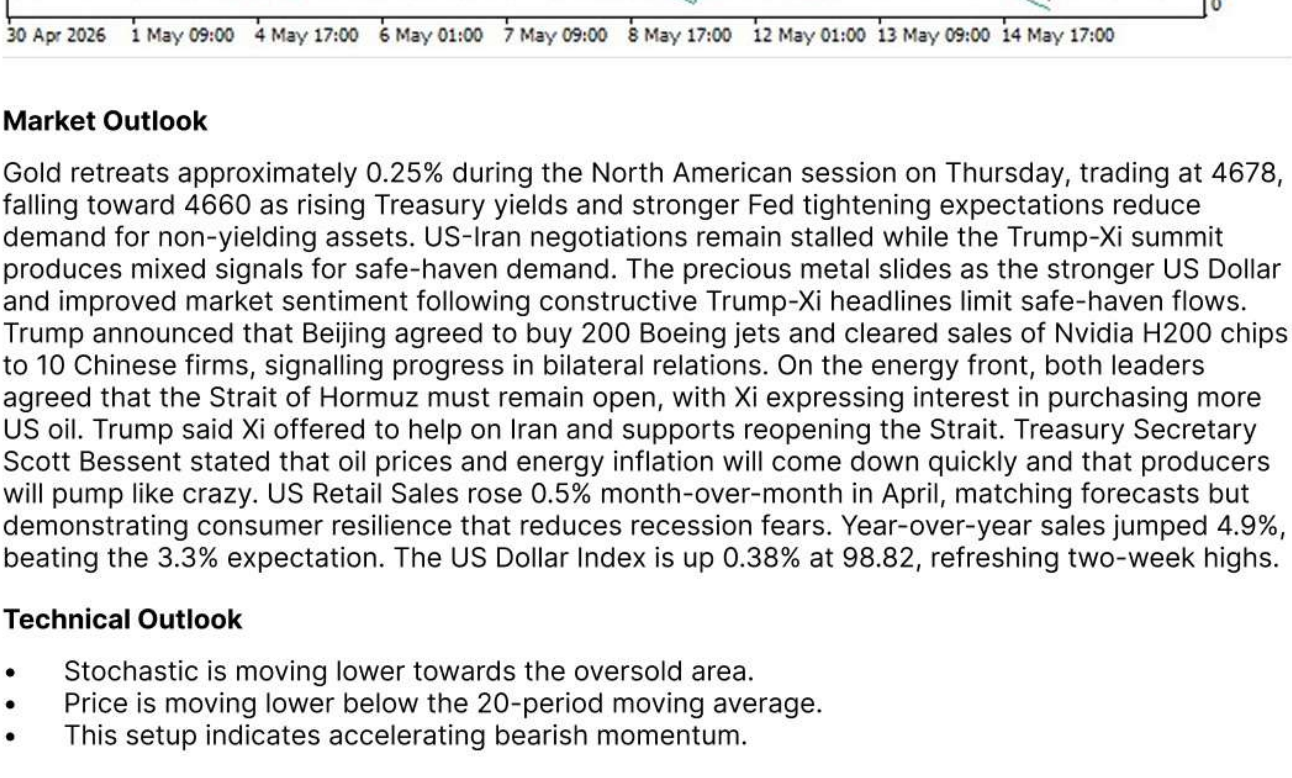
Conclusion

EUR/USD has broken decisively below the 200-day simple moving average, trading at 1.1651 and accelerating lower below the 20-period moving average. The Stochastic moving toward oversold territory suggests selling pressure is intensifying, though the breakdown through key technical support indicates this is more than just an overbought correction. The path of least resistance has shifted decisively lower, with immediate support at 1.1597 now critical. A break below would expose 1.1560 and potentially the 1.1550 zone. Resistance at 1.1698 must be reclaimed to stabilize the technical picture, with 1.1739 above that. The convergence of hot US inflation data, Fed officials signalling potential rate hikes, resilient US consumption data, and the break below the 200-day SMA has shifted the fundamental and technical backdrop firmly in favour of Dollar strength. Friday's US data including NY Empire State Manufacturing Index and April Industrial Production provide additional catalysts. A sustained break under the SMA cluster at 1.1647 would expose deeper losses and potentially mark the end of EUR/USD's multi-month recovery from earlier lows.

GOLD (XAU/USD)

Previous Session Overview

Gold moved lower on Thursday, reaching previous support levels. Currently trading at 4611.56.



Market Outlook

Gold retreats approximately 0.25% during the North American session on Thursday, trading at 4678, falling toward 4660 as rising Treasury yields and stronger Fed tightening expectations reduce demand for non-yielding assets. US-Iran negotiations remain stalled while the Trump-Xi summit produces mixed signals for safe-haven demand. The precious metal slides as the stronger US Dollar and improved market sentiment following constructive Trump-Xi headlines limit safe-haven flows. Trump announced that Beijing agreed to buy 200 Boeing jets and cleared sales of Nvidia H200 chips to 10 Chinese firms, signalling progress in bilateral relations. On the energy front, both leaders agreed that the Strait of Hormuz must remain open, with Xi expressing interest in purchasing more US oil. Trump said Xi offered to help on Iran and supports reopening the Strait. Treasury Secretary Scott Bessent stated that oil prices and energy inflation will come down quickly and that producers will pump like crazy. US Retail Sales rose 0.5% month-over-month in April, matching forecasts but demonstrating consumer resilience that reduces recession fears. Year-over-year sales jumped 4.9%, beating the 3.3% expectation. The US Dollar Index is up 0.38% at 98.82, refreshing two-week highs.

Technical Outlook

- Stochastic is moving lower towards the oversold area.
- Price is moving lower below the 20-period moving average.
- This setup indicates accelerating bearish momentum.

Key Levels to Watch

Resistance: 4700.66; 4747.70
Support: 4545.72; 4499.57

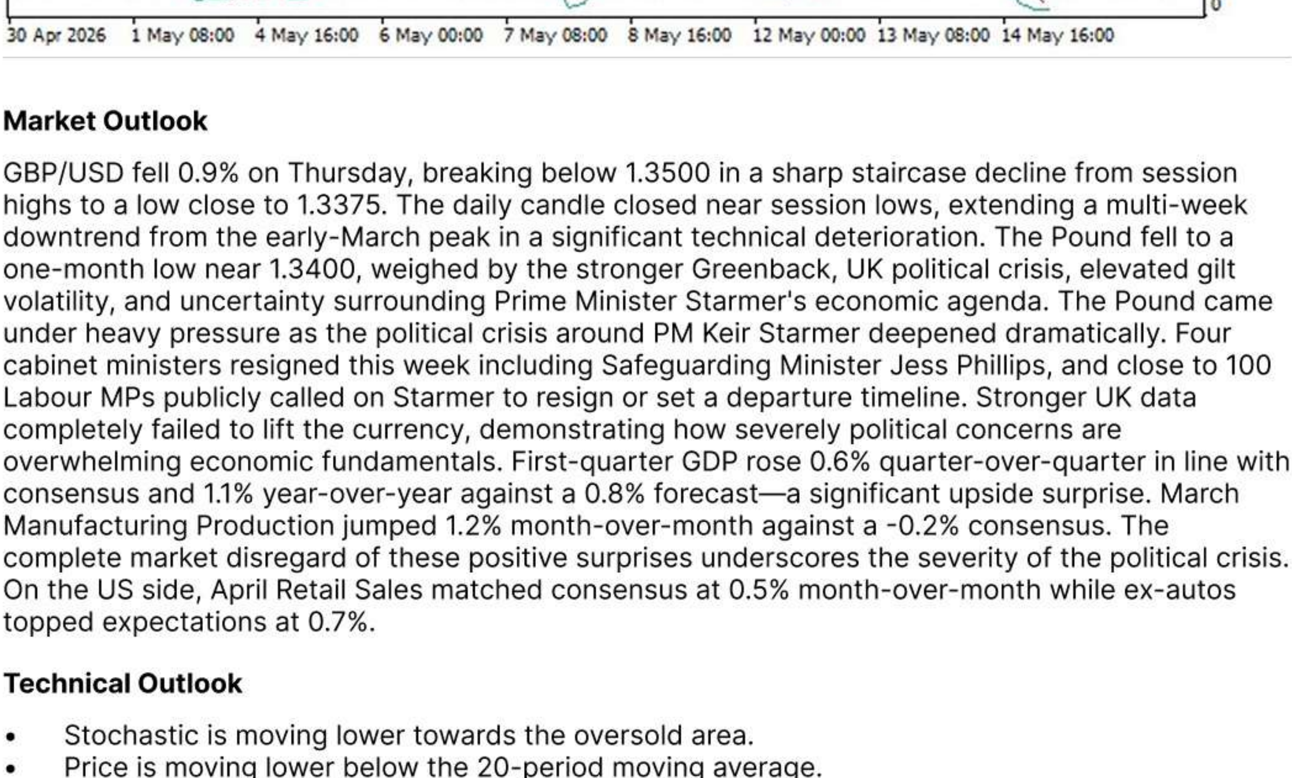
Conclusion

Gold is breaking lower, trading at 4611.56 below the 20-period moving average as the Stochastic moves toward oversold territory. The precious metal continues to struggle to decisively break above 4700 as bullish momentum fades. For a bearish continuation, sellers must clear 4650, which would expose 4545.72 support and then 4499.57. A break below the latter would target the May 4 low at 4500. On the upside, reclaiming 4700.66 opens the way toward the 50-day SMA at 4740 and 100-day SMA at 4783, then 4800. The convergence of improving risk sentiment from the Trump-Xi summit, resilient US economic data reducing recession fears, surging Treasury yields, and a strengthening Dollar has created an exceptionally challenging environment for gold. The agreement between Trump and Xi that the Strait must remain open, combined with Bessent's confidence that oil prices will decline quickly, reduces the geopolitical risk premium that had supported gold at elevated levels. Friday's US data including Industrial Production provides additional economic indicators. The technical breakdown below 4700 and the 20-period moving average signals that the correction from all-time highs may extend further, with immediate support at 4545.72 now critical.

GBP/USD

Previous Session Overview

GBP/USD moved lower on Thursday, reaching below previous support levels. Currently trading at 1.3375.



Market Outlook

GBP/USD fell 0.9% on Thursday, breaking below 1.3500 in a sharp staircase decline from session highs to a low close to 1.3375. The daily candle closed near session lows, extending a multi-week downtrend from the early-March peak in a significant technical deterioration. The Pound fell to a one-month low near 1.3400, weighed by the stronger Greenback, UK political crisis, elevated gilt volatility, and uncertainty surrounding Prime Minister Starmer's economic agenda. The Pound came under heavy pressure as the political crisis around PM Keir Starmer deepened dramatically. Four cabinet ministers resigned this week including Safeguarding Minister Jess Phillips, and close to 100 Labour MPs publicly called on Starmer to resign or set a departure timeline. Stronger UK data completely failed to lift the currency, demonstrating how severely political concerns are overwhelming economic fundamentals. First-quarter GDP rose 0.6% quarter-over-quarter in line with consensus and 1.1% year-over-year against a 0.8% forecast—a significant upside surprise. March Manufacturing Production jumped 1.2% month-over-month against a -0.2% consensus. The complete market disregard of these positive surprises underscores the severity of the political crisis. On the US side, April Retail Sales matched consensus at 0.5% month-over-month while ex-autos topped expectations at 0.7%.

Technical Outlook

- Stochastic is moving lower towards the oversold area.
- Price is moving lower below the 20-period moving average.
- This setup indicates severe bearish momentum.

Key Levels to Watch

Resistance: 1.3445; 1.3532
Support: 1.3288; 1.3212

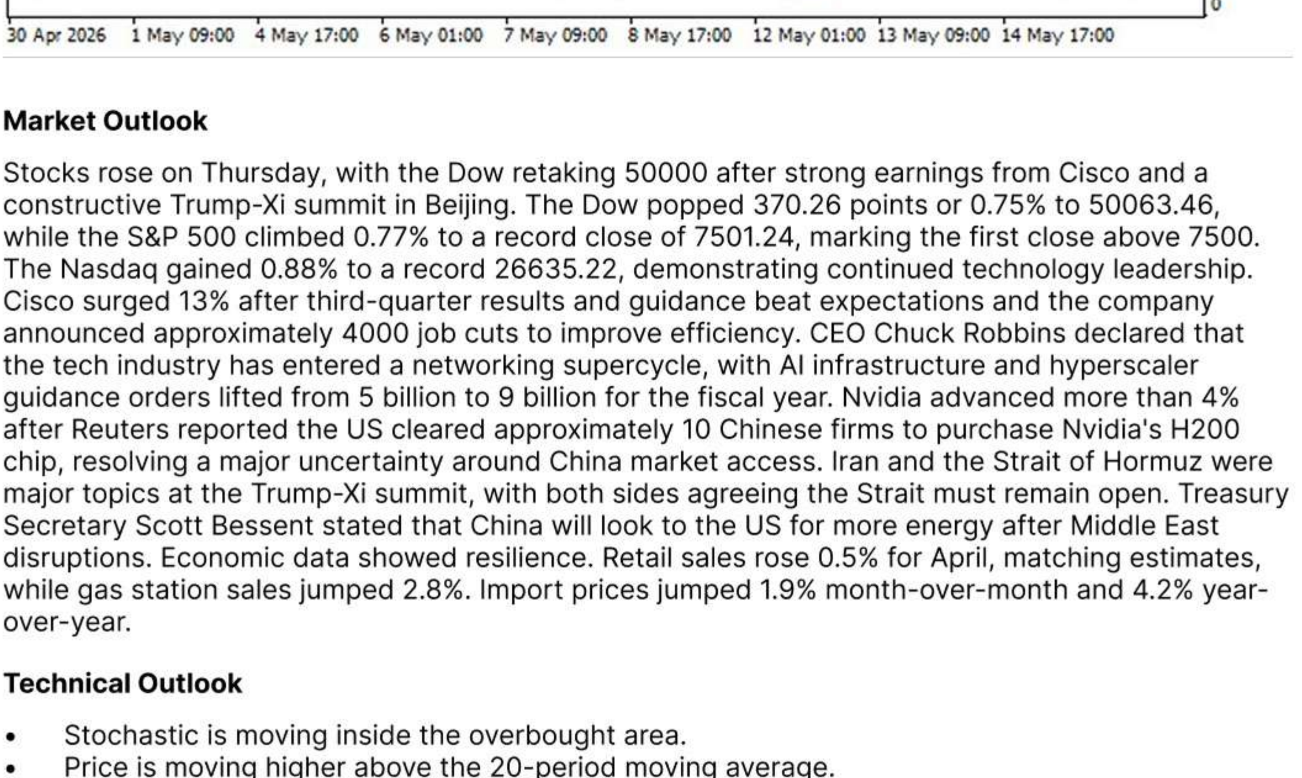
Conclusion

GBP/USD has broken decisively lower, trading at 1.3375 well below the 20-period moving average as the Stochastic moves rapidly toward oversold territory. The break below 1.3500 represents a significant technical failure that exposes deeper support levels. Immediate resistance at 1.3445 must be reclaimed to stabilize the decline, with 1.3532 above that. A decisive break above the 50-day EMA at 1.3481 would be needed to ease downside pressure and signal the correction has concluded. Support at 1.3288 is critical, with a break below exposing 1.3212 and potentially the 1.3200 region. The convergence of severe UK political turmoil (100 Labour MPs calling for Starmer's resignation, four cabinet resignations), complete market disregard of stronger-than-expected GDP and manufacturing data, broad Dollar strength from hot US inflation prints, and Fed officials signalling potential rate hikes has created an exceptionally toxic environment for Sterling. The fact that 1.1% year-over-year GDP growth and 1.2% manufacturing output generated zero positive price response demonstrates how completely political concerns have overwhelmed economic fundamentals. Until the political crisis shows signs of resolution, Sterling remains vulnerable to further losses.

SPX/USD (S&P 500)

Previous Session Overview

The S&P 500 moved higher on Thursday, reaching near previous resistance levels. Currently trading at 7491.77.



Market Outlook

Stocks rose on Thursday, with the Dow retaking 50000 after strong earnings from Cisco and a constructive Trump-Xi summit in Beijing. The Dow popped 370.26 points or 0.75% to 50063.46, while the S&P 500 climbed 0.77% to a record close of 7501.24, marking the first close above 7500. The Nasdaq gained 0.88% to a record 26635.22, demonstrating continued technology leadership. Cisco surged 13% after third-quarter results and guidance beat expectations and the company announced approximately 4000 job cuts to improve efficiency. CEO Chuck Robbins declared that the tech industry has entered a networking supercycle, with AI infrastructure and hyperscaler guidance orders lifted from 5 billion to 9 billion for the fiscal year. Nvidia advanced more than 4% after Reuters reported the US cleared approximately 10 Chinese firms to purchase Nvidia's H200 chip, resolving a major uncertainty around China market access. Iran and the Strait of Hormuz were major topics at the Trump-Xi summit, with both sides agreeing the Strait must remain open. Treasury Secretary Scott Bessent stated that China will look to the US for more energy after Middle East disruptions. Economic data showed resilience. Retail sales rose 0.5% for April, matching estimates, while gas station sales jumped 2.8%. Import prices jumped 1.9% month-over-month and 4.2% year-over-year.

Technical Outlook

- Stochastic is moving inside the overbought area.
- Price is moving higher above the 20-period moving average.
- This setup indicates powerful bullish momentum but extreme extension.

Key Levels to Watch

Resistance: 7578.74; 7615.96
Support: 7434.42; 7395.18

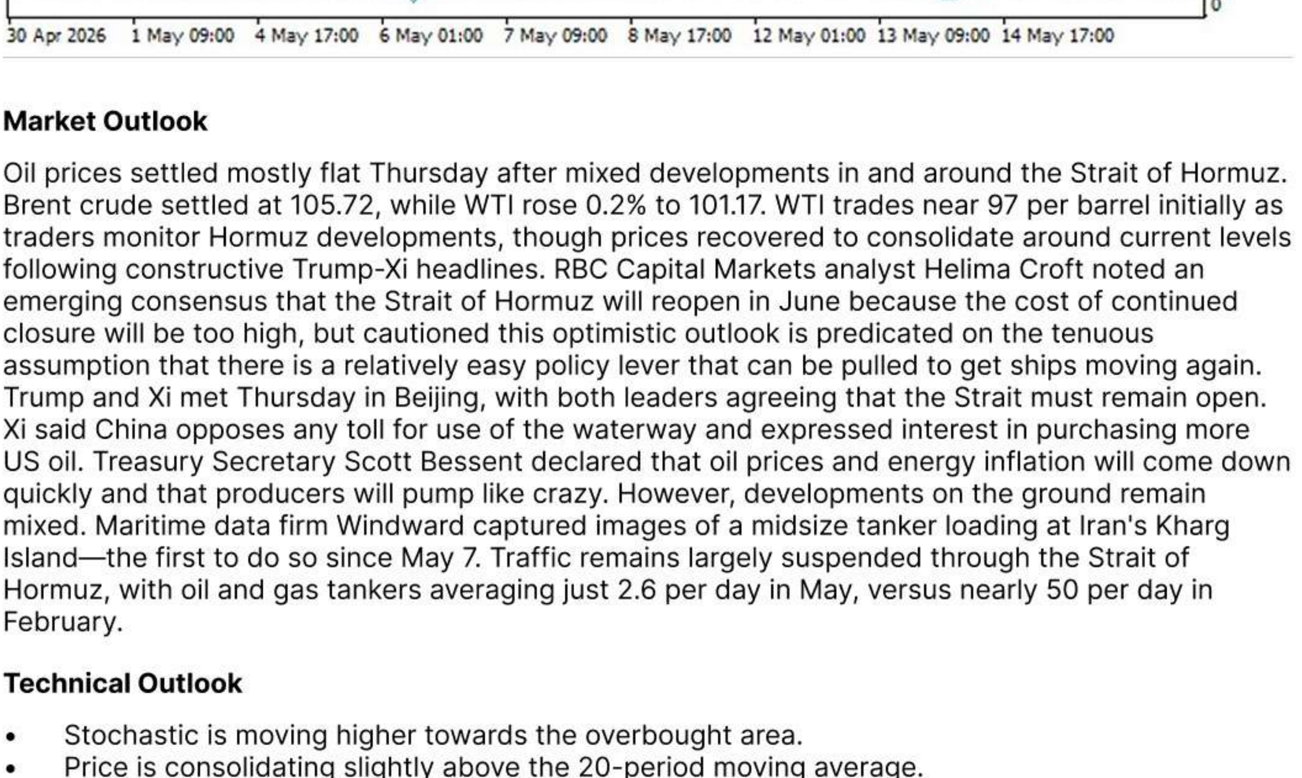
Conclusion

The S&P 500 breaks through the psychologically significant 7500 level, trading at 7491.77 well above the 20-period moving average with the Stochastic deeply embedded in overbought territory. The first close above 7500 represents a historic milestone and demonstrates the market's remarkable ability to look past inflation concerns and focus on AI-driven earnings momentum and constructive geopolitical developments. Immediate resistance at 7578.74 represents the next target, with a break above opening the path toward 7615.96 and potentially the upgraded analyst targets in the 7650 to 8250 range. Support at 7434.42 should contain any near-term profit-taking, with more substantial support at 7395.18. The extreme overbought Stochastic reading suggests caution is warranted despite the powerful upward momentum. The divergence between technology leadership and sector weakness highlights concerning market breadth issues. The successful Trump-Xi summit, Nvidia's China breakthrough, Cisco's networking supercycle declaration, and Bessent's confidence that oil will decline quickly have created a bullish cocktail overwhelming inflation concern. However, with import prices at the highest since October 2022, the inflation picture continues to deteriorate.

USO/USD (WTI CRUDE OIL)

Previous Session Overview

USO/USD consolidated on Thursday, remaining between previous support and resistance levels. Currently trading at 102.52.



Market Outlook

Oil prices settled mostly flat Thursday after mixed developments in and around the Strait of Hormuz. Brent crude settled at 105.72, while WTI rose 0.2% to 101.17. WTI trades near 97 per barrel initially as traders monitor Hormuz developments, though prices recovered to consolidate around current levels following constructive Trump-Xi headlines. RBC Capital Markets analyst Helima Croft noted an emerging consensus that the Strait of Hormuz will reopen in June because the cost of continued closure will be too high, but cautioned this optimistic outlook is predicated on the tenuous assumption that there is a relatively easy policy lever that can be pulled to get ships moving again. Trump and Xi met Thursday in Beijing, with both leaders agreeing that the Strait must remain open. Xi said China opposes any toll for use of the waterway and expressed interest in purchasing more US oil. Treasury Secretary Scott Bessent declared that oil prices and energy inflation will come down quickly and that producers will pump like crazy. However, developments on the ground remain mixed. Maritime data firm Windward captured images of a midsize tanker loading at Iran's Kharg Island—the first to do so since May 7. Traffic remains largely suspended through the Strait of Hormuz, with oil and gas tankers averaging just 2.6 per day in May, versus nearly 50 per day in February.

Technical Outlook

- Stochastic is moving higher towards the overbought area.
- Price is consolidating slightly above the 20-period moving average.
- This setup suggests renewed bullish momentum despite reopening optimism.

Key Levels to Watch

Resistance: 106.88; 111.93
Support: 96.98; 91.86

Conclusion

WTI crude oil consolidates slightly above the 20-period moving average at 102.52, with the Stochastic moving higher toward overbought territory suggesting renewed bullish momentum despite the emerging consensus that the Strait will reopen in June. This technical configuration creates an apparent contradiction—prices holding elevated levels even as reopening expectations build. The explanation lies in RBC's caution that reopening assumes a relatively easy policy lever that can be pulled, which may prove optimistic. Immediate resistance at 106.88 represents the next barrier, with a break above targeting 111.93 if diplomatic efforts fail or tensions escalate. Support at 96.98 should contain any near-term weakness from reopening optimism, with more substantial support at 91.86. The convergence of mixed signals—Trump-Xi agreement that the Strait must open, Bessent's confidence that prices will fall quickly, the first tanker loading at Kharg Island since May 7, but continued seizures and vessel incidents—creates two-way risk. Traffic averaging just 2.6 tankers per day versus 50 pre-crisis demonstrates the supply disruption remains severe despite diplomatic progress. The technical setup suggests consolidation in the 97 to 107 range is most likely.

Key events for today and tomorrow (GMT):

Date	Time	Currency	Events	Forecast	Previous
15 May			No Key Events for Today		