MM Markets

TECHNICAL

ANALYSIS REPORT

TUESDAY, MAY 19 2026

EUR/USD

Previous Session Overview

EUR/USD moved higher on Monday, reaching near previous resistance levels. Currently trading at 1.1640.

Market Outlook

The euro staged a notable recovery on Monday, climbing 0.26% to trade near 1.1643 after rebounding from intraday lows of 1.1608, as the US Dollar weakened broadly following President Trump's announcement that he was postponing planned military strikes against Iran. The decision came after appeals from Gulf state leaders including Saudi Arabia, Qatar, and the UAE, who requested a 30-day ceasefire to allow progress in negotiations toward ending the war that has disrupted global energy markets since late February. Trump's comments on Truth Social marked a sharp reversal from his earlier threats to bombard Iranian power plants and bridges if a deal was not reached by Tuesday, a deadline he stated had passed that is very acceptable to the United States, with no nuclear weapons for Iran as the central condition. This diplomatic development provided temporary relief to currency markets that had been dominated by inflation concerns and Federal Reserve policy repricing following last week's shocking CPI and PPI data. However, the fundamental backdrop for the euro remains challenging despite this technical bounce, with the ongoing conflict keeping investors risk-averse ahead of the June 16-17 Federal Reserve meeting, with at least one additional increase expected to follow, representing a dramatic reversal from just two months ago when rate cuts were still being discussed.

Technical Outlook

- Stochastic is trying to cross lower inside the overbought area.
- Price is consolidating around the 20-period moving average.
- This setup suggests the bounce may be losing momentum despite the recovery.

Key Levels to Watch

Resistance: 1.1721; 1.1786
Support: 1.1583; 1.1509

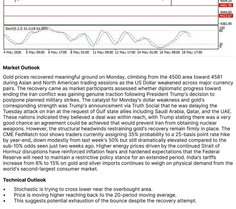
Conclusion

EUR/USD has recovered to trade around the 20-period moving average at 1.1642 following Monday's diplomatic developments, but the Stochastic indicator attempting to cross lower from overbought territory warns that the bounce may be approaching exhaustion. The pair's ability to reclaim and sustain trading above the moving average will determine whether this represents a genuine recovery or merely a technical correction within the broader downtrend. Immediate resistance at 1.1721 must be overcome to target 1.1786 and confirm bullish momentum. On the downside, support at 1.1583 is now crucial, with a break lower exposing 1.1509 and signalling the resumption of bearish pressure. The technical setup suggests consolidation around current levels is most likely near-term, with Wednesday's FOMC Minutes providing the next major directional catalyst. Hawkish minutes would likely send the pair back toward support zones, while unexpectedly dovish commentary or any indication of rate cuts would boost the euro toward resistance. The broader picture remains bearish, the confluence of technical moving averages near 1.1681-1.1707 represents a key resistance cluster that would need to be decisively breached to open the path toward 1.1750-1.1786.

GOLD (XAU/USD)

Previous Session Overview

Gold moved higher on Monday, reaching near previous resistance levels. Currently trading at 4546.21.



Market Outlook

Gold prices recovered meaningful ground on Monday, climbing from the 4500 area toward 4581 during Asian and North American trading sessions as the US Dollar weakened across major currencies ahead of the June 16-17 Federal Reserve meeting and Wednesday's FOMC Minutes release, with ceasefire ending the Iran conflict was gaining genuine traction following President Trump's decision to postpone planned military strikes. The catalyst for Monday's dollar weakness and gold's corresponding recovery was President Trump's statement on Truth Social that he was delaying the Tuesday attack on Iran at the request of Gulf state allies including Saudi Arabia, Qatar, and the UAE, who requested a 30-day ceasefire to allow progress in negotiations. The diplomatic development provided a sport chance an agreement could be achieved that would prevent Iran from obtaining nuclear weapons. However, the structural headwinds restraining gold's recovery remain firmly in place. The CME FedWatch tool shows traders currently assigning 35% probability to a 25-basis point rate hike by year-end, down modestly from last week's 50% but still dramatically elevated compared to the zero rate cuts expected three months ago. The hawkish shift in rate expectations stems from the hawkish minutes from last March's FOMC meeting and Kashkari's warning that the Federal Reserve will need to maintain a restrictive policy stance for an extended period. India's tariffs increase from 15% to 15% on gold and silver imports continues to weigh on physical demand from the world's second-largest consumer market.

Technical Outlook

- Stochastic is trying to cross lower near the overbought area.
- Price is moving higher reaching back to the 20-period moving average.
- This suggests potential exhaustion of the bounce despite the recovery attempt.

Key Levels to Watch

Resistance: 4639.37; 4697.84
Support: 4481.98; 4423.67

Conclusion

Gold has recovered to evaluate the 20-period moving average at 4546.21 following Monday's diplomatic developments, but the Stochastic indicator attempting to cross lower from near overbought levels warns that upside momentum may be fading. The precious metal's ability to reclaim and sustain trading above the moving average will determine whether this represents a genuine recovery or merely a technical correction within the broader downtrend. Immediate resistance at 4639.37 must be overcome to target 4697.84 and confirm bullish structure. On the downside, support at 4481.98 is critical, with a failure to hold exposing 4423.67 and signalling the resumption of the downtrend driven by rising real rates and reduced geopolitical premium. The technical configuration suggests near-term consolidation around the moving average is most probable ahead of Wednesday's FOMC Minutes release, with hawkish interpretation of the minutes emphasizing inflation concerns would likely pressure gold back toward support levels, while unexpectedly accommodative language or continued diplomatic progress with Iran could drive a more substantial rally toward resistance zones. The fundamental backdrop remains challenging with elevated Treasury yields and reduced physical demand from India creating structural headwinds that may cap any recovery attempts.

GBP/USD

Previous Session Overview

GBP/USD moved higher on Monday, reaching above previous resistance levels. Currently trading at 1.3470.

Market Outlook

The British pound mounted an impressive recovery on Monday, rebounding from the 1.33 handle in early Asian trading to reach 1.3450 by the New York close, reclaiming most of last week's substantial losses. Cable successfully recaptured the 200-day exponential moving average on the daily chart, with the bounce developing against a paradoxical backdrop of worsening political uncertainty in Westminster following Prime Minister Keir Starmer's weekend announcement of a cabinet reshuffle. The critical insight is that sterling is not rallying because the political situation has stabilized, quite the opposite. The pound is strengthening because gilt yields continue climbing amid the leadership crisis surrounding Prime Minister Keir Starmer, forcing market participants to reprice the probability of BoE monetary tightening. Money markets now view the June 18 Bank of England meeting as a live rate hike event, representing a remarkable shift for a central bank that was being discussed in terms of potential cuts just eight weeks ago. Monday's divergent commentary from Federal Reserve officials provided the dollar with mixed signals. Dallas Fed President Lorie Logan Breaden sticking a dovish tone citing UK growth concerns, while Megan Greene delivered hawkish commentary focused on inflation persistence. Catherine Mann, the most committed hawk on the new-member committee, reiterated her position favoring higher monetary policy. Tuesday's UK labour market data represents the first critical test, with Wednesday's UK CPI release serving as the week's defining moment for the pound.

Technical Outlook

- Stochastic is trying to cross lower inside the overbought area.
- Price is consolidating slightly above the 20-period moving average after strong movement from below.
- This setup suggests potential consolidation or minor pullback after the sharp recovery.

Key Levels to Watch

Resistance: 1.3514; 1.3585
Support: 1.3355; 1.3282

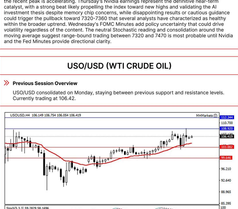
Conclusion

GBP/USD has recovered to consolidate slightly above the 20-period moving average at 1.3415 following the dramatic bounce from last week's lows, but the Stochastic indicator attempting to cross lower from overbought territory warns that near-term upside momentum may be fading. The pair's ability to maintain position above the moving average and the 200-day EMA near 1.3406 will be critical for determining whether this represents a sustainable reversal or merely an oversold bounce within the broader downtrend. The immediate resistance at 1.3514 must be overcome to target important 1.3585 and the 50-day EMA near 1.3473 before an intermediate bearish reprice to the downside, support at 1.3355 needs to hold to maintain bullish structure, with a break below exposing 1.3282 and potentially retesting the 1.33 handle. Tuesday's UK labour market data and Wednesday's CPI release will be definitive for near-term direction, with stronger-than-expected wage growth or stickier inflation reinforcing BoE tightening expectations and lifting sterling toward 1.3614-1.3585, while softer prints could trigger a retreat toward 1.3355 support. The technical configuration suggests consolidation around current levels is most probable near-term, with the FOMC Minutes on Wednesday adding dollar-side volatility to the mix.

SPX/USD (S&P 500)

Previous Session Overview

The S&P 500 moved higher on Monday, reaching near previous resistance levels. Currently trading at 7670.95.



Market Outlook

The S&P 500 posted modest gains on Monday, rising 0.07% to close at 7603.05, as the index attempted to stabilize following last week's historic all-time high of 7501 and Friday's subsequent pullback. The session revealed continuing internal tensions within the market structure that merit monitoring ahead of Wednesday's FOMC Minutes release. The Nasdaq Composite underperformed, dragged down by mega-cap technical weakness following disappointing guidance from several major chipmakers, with Micron Technology plunging more than 10% after the company issued weak second-quarter revenue guidance. Seagate shares tumbled nearly 7%, dragging semiconductor equipment stocks lower. The Dow Jones Industrial Average rose 0.3%, the Nasdaq Composite gained 0.1%, and the S&P 500 Equal Weight Index advanced 0.4%, a meaningful crack in the AI investment thesis that has sustained the market's seven-week rally from the March 30 war lows. The Dow Jones Industrial Average provided a contrasting signal, rising 198.95 points or 0.32% to close at 49686.12, reflecting relative strength in industrial, financial, and traditional economy sectors. The bond market continues exerting pressure on equity valuations, with the 10-year Treasury yield rising near its highest levels in months, approximately one year. Friday marks a significant institutional milestone as Kevin Warsh will be sworn in as Federal Reserve Chair, replacing Jerome Powell after Senate confirmation.

Technical Outlook

- Stochastic moved higher from the oversold area but is currently held in the middle area.
- Price is consolidating around the 20-period moving average.
- This suggests indecision and potential range-bound trading near-term.

Key Levels to Watch

Resistance: 7672.35; 7507.90
Support: 7269.44; 7121.80

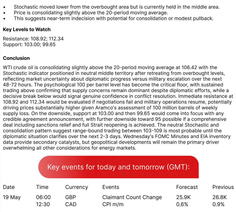
Conclusion

The S&P 500's consolidating around the 20-period moving average at 7601.90 with the Stochastic indicator positioned in neutral middle territory after recovering from oversold levels, suggesting the index is seeking direction following last week's record high and subsequent pullback. The technical setup reflects market indecision as participants weigh persistent AI growth optimism against rising bond yields, capacity constraints, and geopolitical risks ahead of Wednesday's FOMC Minutes release. Resistance at 7672.35 must be overcome to challenge the recent 7501 high and potentially target 7507.90. On the downside, support at 7355.64 is critical, with a break below exposing 7321.80 and signalling that the corrective phase identified by narrow breadth warnings at the recent peak is accelerating. Thursday's Nvidia earnings represent the definitive near-term catalyst, with a beat likely propelling the index toward new highs and validating the AI investment thesis despite memory chip concerns, while disappointing results or cautious guidance could trigger broad profit-taking given the stretched valuations and concentration risk that characterize the broader uptrend. Wednesday's FOMC Minutes will also provide clarity on the Fed's path forward on rate cuts versus holding rates at current levels, with any hawkish tone potentially pressuring the market. The neutral Stochastic reading and consolidation around the moving average suggest range-bound trading between 7320 and 7470 is most probable until Nvidia and the Fed Minutes provide directional clarity.

USD/USD (WTI CRUDE OIL)

Previous Session Overview

USD/USD consolidated on Monday, staying between previous support and resistance levels. Currently trading at 106.42.



Market Outlook

WTI crude oil experienced dramatic intraday volatility on Monday, with prices initially surging approximately 3% to reach 108.80 per barrel before surrendering gains after President Trump announced a postponement of planned military strikes against Iran. The global benchmark Brent crude followed a similar pattern, climbing above 112 before retreating to 109 as diplomatic developments dominated market sentiment. The trading session began with escalating tensions following reports that Iran had rejected a US peace plan and Trump had responded with threats of eleven-week ultimatum. Gulf state officials, including Saudi Arabia, reportedly expressed fears that Iranian news agency Tasnim stated the United States had accepted a temporary waiver on Iran's crude oil sanctions during ongoing negotiations, raising immediate hopes of diplomatic progress that could eventually restore normal shipping through the Strait. Trump subsequently posted on Truth Social that action is now pending and that Iran would be hit hard if no agreement is reached, stating that "time is very accurate" and that the United States would no longer accept a "phony deal." The ceasefire between the Trump administration and Saudi Arabia, Qatar, UAE, and other Gulf allies had asked him to delay the original deadline by 2-3 days because they believed they were getting close to making a deal. Saudi Aramco CEO Amin Nasser's warning last week that global markets are losing roughly 100 million barrels of supply weekly unprecedented the severity of the supply crisis that continues even with Iran's selective corridor openings.

Technical Outlook

- Stochastic moved lower from the overbought area but is currently held in the middle area.
- Price is consolidating slightly above the 20-period moving average.
- This suggests near-term indecision with potential for consolidation or modest pullback.

Key Levels to Watch

Resistance: 108.82; 112.34
Support: 103.00; 99.65

Conclusion

WTI crude oil is consolidating slightly above the 20-period moving average at 106.42 with the Stochastic indicator positioned in neutral middle territory after retreating from overbought levels, reflecting market uncertainty about diplomatic progress versus military escalation over the next 48-72 hours. The psychological 100 per barrel level has become the critical floor, with sustained trading below this level potentially triggering accelerated technical selling toward 103 where a more decisive break below would signal genuine confidence in conflict resolution. Immediate resistance at 108.82 and 112.34 would be evaluated if negotiations fail and military operations resume, potentially driving prices substantially higher given Saudi Arabia's ability to redirect 700 million barrels of weekly supply loss. On the downside, support at 103.00 and then 99.65 would come into focus with any further diplomatic setbacks or escalation. The broader fundamental backdrop remains supportive despite deal including provisions for Iran to sell Strait revenues is achieved. The neutral Stochastic and consolidation pattern suggest range-bound trading between 103-109 is most probable until the diplomatic situation clarifies over the next 2-3 days. Wednesday's FOMC Minutes and EIA inventory data provide secondary catalysts, but geopolitical developments will remain the primary driver overwhelming all other considerations for energy markets.

Key events for today and tomorrow (GMT):

Date	Time	Currency	Events	Forecast	Previous
19 May	06:00	GBP	Claimant Count Change	25.0K	26.8K
	06:00	CAD	CPI m/m	0.6%	0.6%
20 May	06:00	GBP	CPI y/y	3.0%	3.3%

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