



TECHNICAL ANALYSIS REPORT

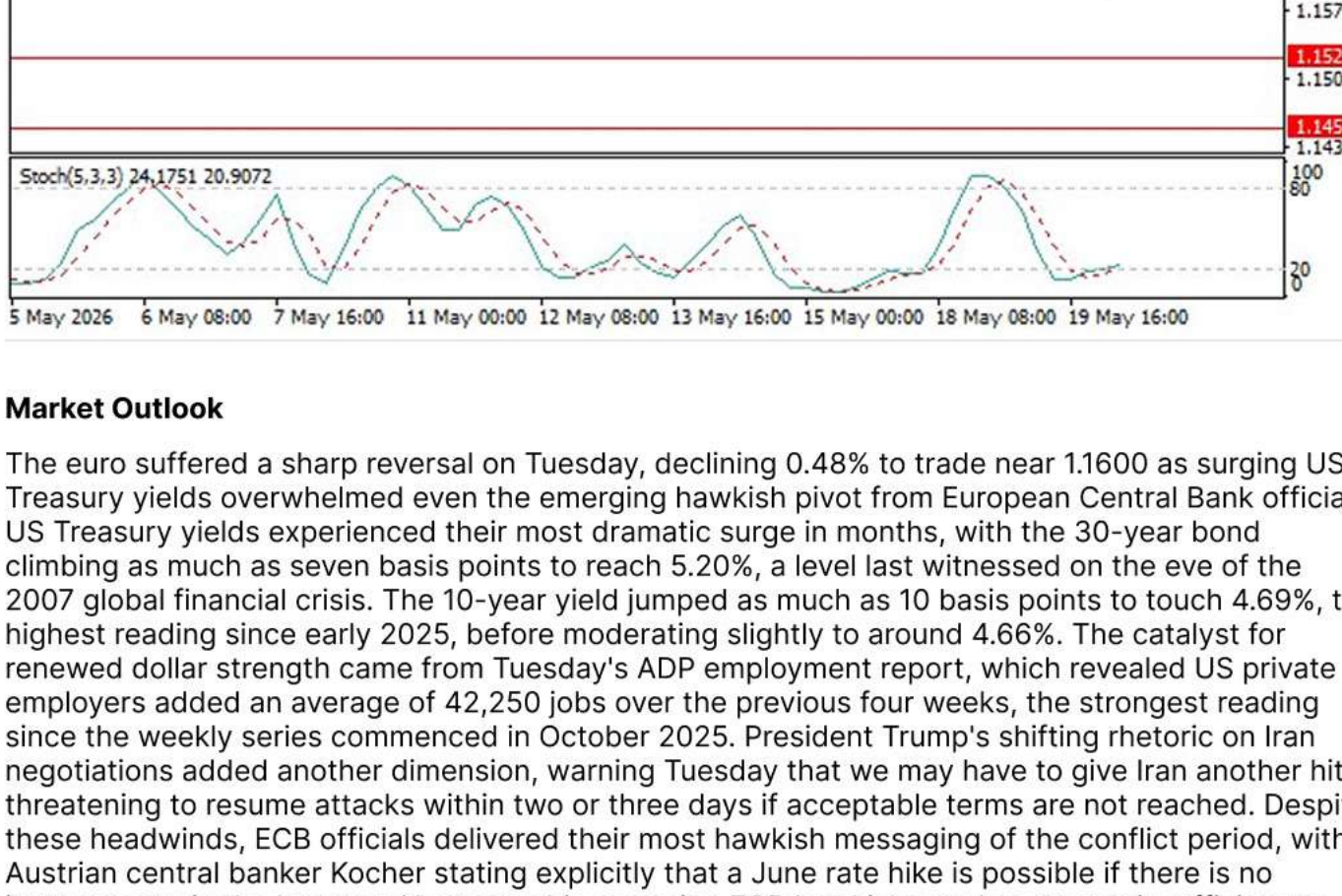
WEDNESDAY, MAY 20 2026



EUR/USD

Previous Session Overview

EUR/USD moved lower on Tuesday, reaching near previous support levels. Currently trading at 1.1605.



Market Outlook

The euro suffered a sharp reversal on Tuesday, declining 0.48% to trade near 1.1600 as surging US Treasury yields overwhelmed even the emerging hawkish pivot from European Central Bank officials. US Treasury yields experienced their most dramatic surge in months, with the 30-year bond climbing as much as seven basis points to reach 5.20%, a level last witnessed on the eve of the 2007 global financial crisis. The 10-year yield jumped as much as 10 basis points to touch 4.69%, the highest reading since early 2025, before moderating slightly to around 4.66%. The catalyst for renewed dollar strength came from Tuesday's ADP employment report, which revealed US private employers added an average of 42,250 jobs over the previous four weeks, the strongest reading since the weekly series commenced in October 2025. President Trump's shifting rhetoric on Iran negotiations added another dimension, warning Tuesday that we may have to give Iran another hit, threatening to resume attacks within two or three days if acceptable terms are not reached. Despite these headlines, ECB officials delivered their most hawkish messaging of the conflict period, with Austrian central banker Kocher stating explicitly that a June rate hike is possible if there is no improvement in the Iran war. However, this emerging ECB hawkishness has proven insufficient to support the euro against the overwhelming force of US yield increases and dollar safe-haven demand.

Technical Outlook

- Stochastic is trying to cross higher inside the oversold area.
- Price is consolidating below the 20-period moving average.
- This setup suggests potential for a technical bounce attempt despite bearish structure.

Key Levels to Watch

Resistance: 1.1695; 1.1770

Support: 1.1524; 1.1457

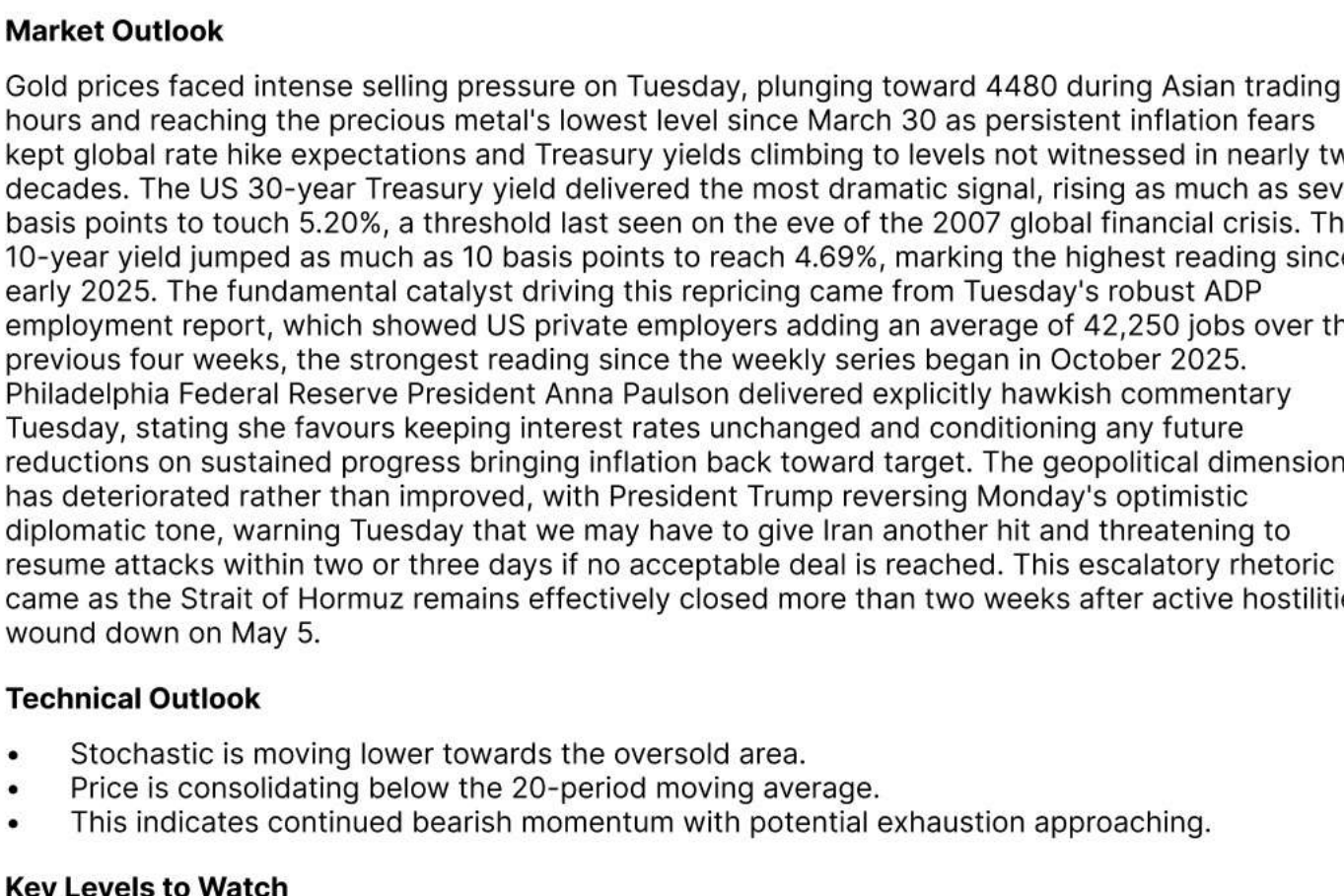
Conclusion

EUR/USD remains under pressure while consolidating below the 20-period moving average at 1.1605, though the Stochastic indicator attempting to cross higher from oversold territory signals that immediate downside momentum may be exhausting itself. The pair trades with a bearish near-term tone below the 50/100/200-day SMA cluster near 1.1648, which now represents formidable overhead resistance. Immediate support at 1.1524 is critical, with a break below exposing 1.1457 and potentially the April 6 swing low at 1.1505, confirming the bearish structure remains intact. Any recovery attempts will face resistance at 1.1695, with 1.1770 representing a more substantial barrier. Wednesday's FOMC Minutes will be decisive, with hawkish revelations emphasizing inflation concerns and potential tightening likely driving the pair through 1.1524 support toward 1.1457-1.1505, while unexpectedly accommodative language could trigger a sharper technical bounce toward 1.1695. A daily close above the SMA cluster near 1.1648 would be required to meaningfully ease selling pressure and suggest the correction from recent highs may be stabilizing. The fundamental backdrop of surging US yields and persistent Iran-driven inflation concerns continues to favour dollar strength over euro recovery absent a significant shift in either monetary policy expectations or geopolitical developments.

GOLD (XAU/USD)

Previous Session Overview

Gold moved lower on Tuesday, reaching previous support levels. Currently trading at 4468.16.



Market Outlook

Gold prices faced intense selling pressure on Tuesday, plunging toward 4480 during Asian trading hours and reaching the precious metal's lowest level since March 30 as persistent inflation fears kept global rate hike expectations and Treasury yields climbing to levels not witnessed in nearly two decades. The US 30-year Treasury yield delivered the most dramatic signal, rising as much as seven basis points to touch 5.20%, a threshold last seen on the eve of the 2007 global financial crisis. The 10-year yield jumped as much as 10 basis points to reach 4.69%, marking the highest reading since early 2025. The fundamental catalyst driving this repricing came from Tuesday's robust ADP employment report, which showed US private employers adding an average of 42,250 jobs over the previous four weeks, the strongest reading since the weekly series began in October 2025. Philadelphia Federal Reserve President Anna Paulson delivered explicitly hawkish commentary Tuesday, stating she favours keeping interest rates unchanged and conditioning any future reductions on sustained progress bringing inflation back toward target. The geopolitical dimension has deteriorated rather than improved, with President Trump reversing Monday's optimistic diplomatic tone, warning Tuesday that we may have to give Iran another hit and threatening to resume attacks within two or three days if no acceptable deal is reached. This escalatory rhetoric came as the Strait of Hormuz remains effectively closed more than two weeks after active hostilities wound down on May 5.

Technical Outlook

- Stochastic is moving lower towards the oversold area.
- Price is consolidating below the 20-period moving average.
- This indicates continued bearish momentum with potential exhaustion approaching.

Key Levels to Watch

Resistance: 4613.89; 4739.82

Support: 4372.20; 4255.82

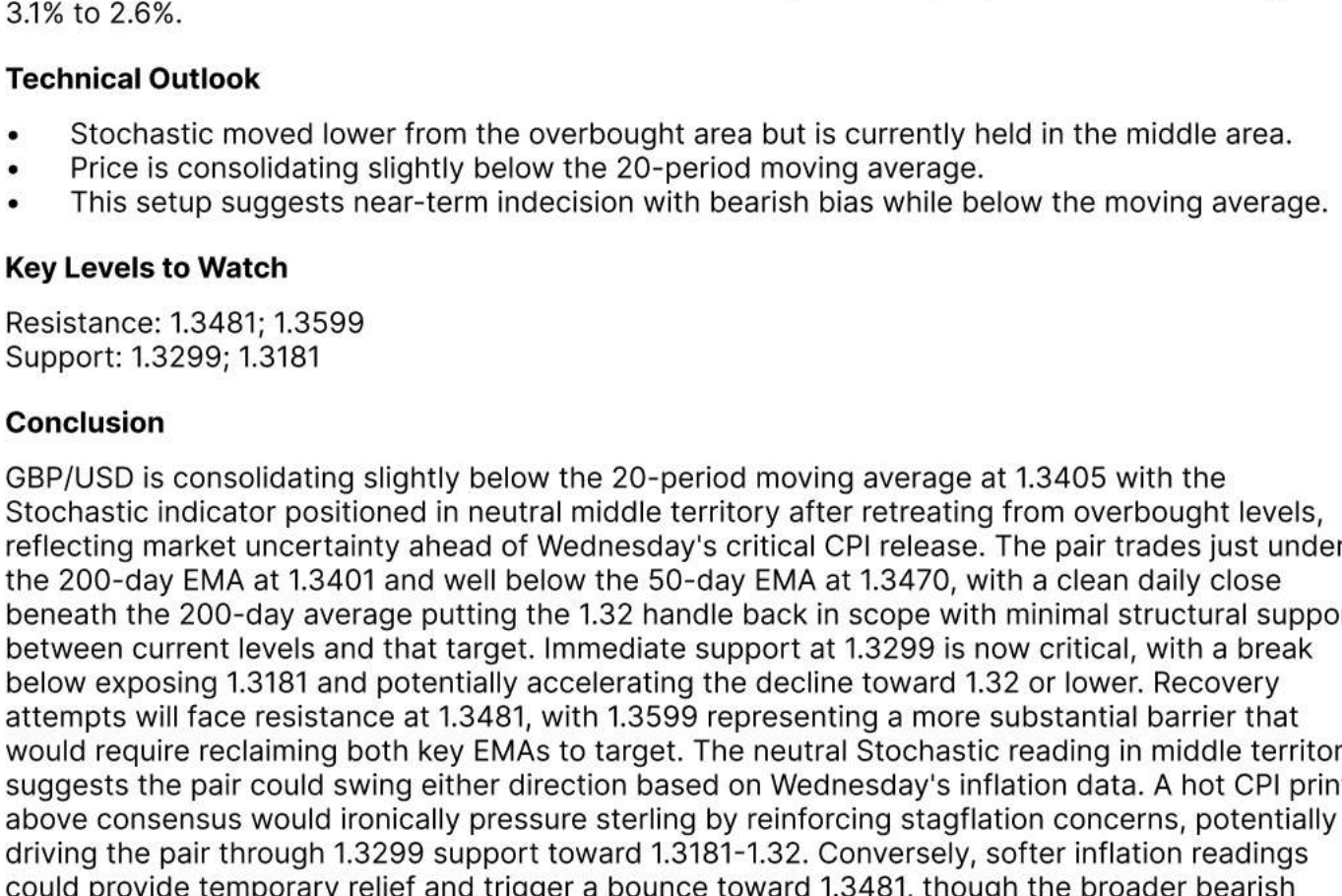
Conclusion

Gold remains under severe pressure while consolidating below the 20-period moving average at 4468.16, with the Stochastic indicator moving toward oversold territory suggesting that immediate downside momentum is intensifying despite the selloff from recent highs. The precious metal has reached its lowest level since the March 30 war lows, reflecting the devastating impact of surging global real interest rates and reduced safe-haven demand despite ongoing geopolitical tensions. Immediate support at 4372.20 is now critical, with a break below exposing 4255.82 and confirming that the corrective phase has substantial further room to run. Any recovery attempts will face resistance at 4613.89, with 4739.82 representing a more formidable barrier. Wednesday's FOMC Minutes will be decisive for near-term direction, with hawkish revelations emphasizing inflation concerns and potential tightening likely accelerating the decline through 4372.20 support toward 4255.82, while unexpectedly dovish commentary could trigger a technical bounce toward 4613.89. The fundamental backdrop of the most hostile rate environment since the conflict began, with the US 30-year yield at 5.20% for the first time since 2007, continues to overwhelm gold's traditional safe-haven appeal. The deeply oversold Stochastic reading warns that a technical bounce could materialize, but sustained recovery requires either a significant dovish shift in Fed expectations or a dramatic deterioration in geopolitical conditions that revives acute crisis demand for the precious metal.

GBP/USD

Previous Session Overview

GBP/USD consolidated lower on Tuesday, reaching near previous support levels. Currently trading at 1.3405.



Market Outlook

The British pound consolidated lower through Tuesday's session, sliding through London trading to probe below 1.34 before clawing back toward the handle into the close. The weakness came despite mixed UK labour market data that provided ammunition for both hawks and doves on the Bank of England's Monetary Policy Committee. Tuesday's UK employment report delivered conflicting signals, with average earnings excluding bonuses cooling to 3.4% year-over-year, exactly in line with consensus expectations and down from 3.6% previously, suggesting wage pressures may be moderating. However, the including-bonus figure ran notably hot at 4.1% against a 3.8% forecast, indicating compensation growth remains elevated when accounting for variable pay components. Employment change came in at a robust 148,000, significantly above expectations, but the ILO unemployment rate ticked higher to 5.0% versus the 4.9% consensus. Sterling's inability to rally despite the strong employment change figure reflects how completely US monetary policy expectations are dominating currency markets. The surge in US Treasury yields, with the 30-year bond reaching 5.20% and the 10-year touching 4.69% on Tuesday, creates a powerful gravitational pull strengthening the dollar regardless of developments in other economies. Wednesday's UK CPI release represents the defining moment for sterling's near-term trajectory, with consensus forecasts calling for headline inflation to decline from 3.3% to 3.0% year-over-year, with core CPI easing from 3.1% to 2.6%.

Technical Outlook

- Stochastic moved lower from the overbought area but is currently held in the middle area.
- Price is consolidating slightly below the 20-period moving average.
- This setup suggests near-term indecision with bearish bias while below the moving average.

Key Levels to Watch

Resistance: 1.3481; 1.3599

Support: 1.3299; 1.3181

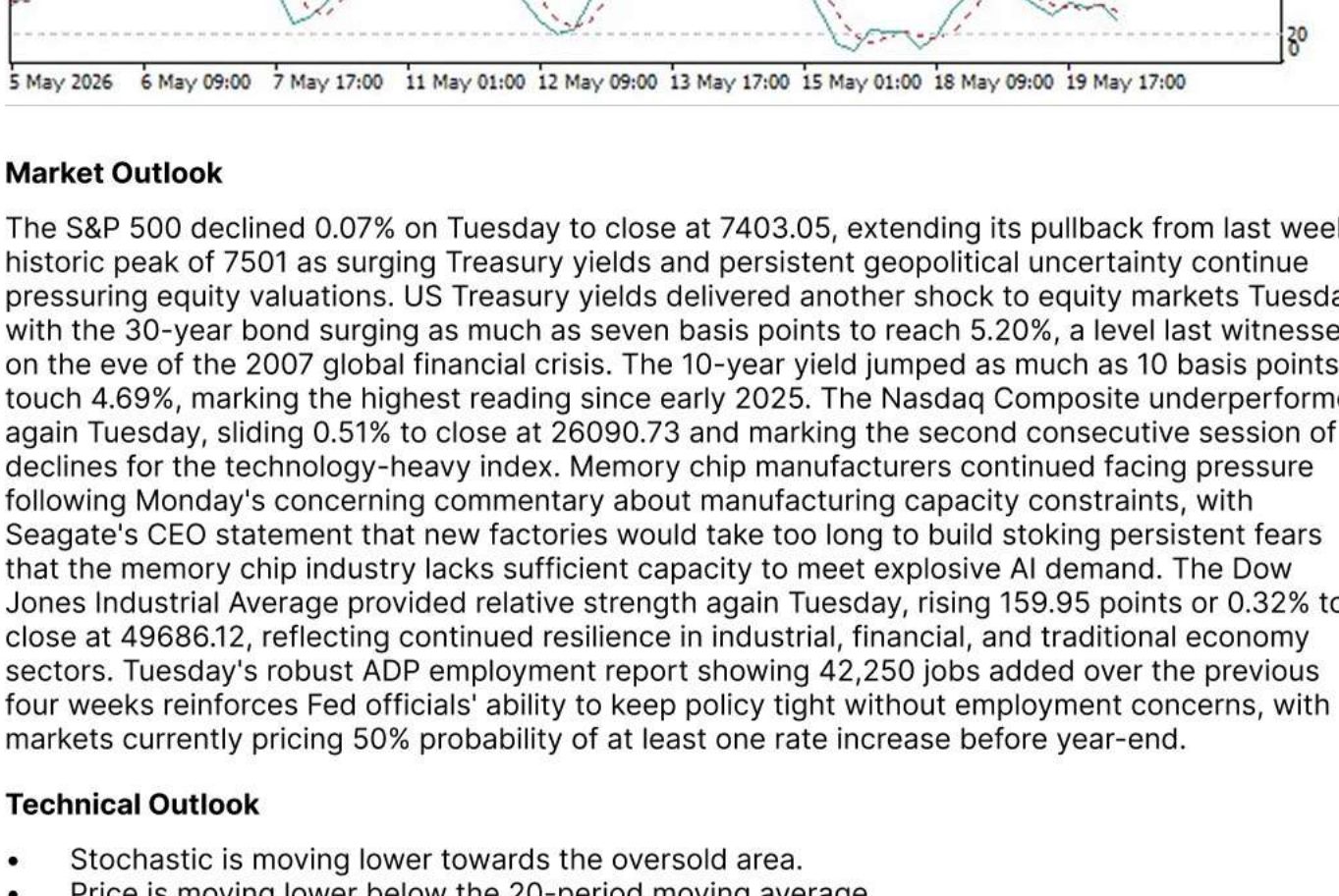
Conclusion

GBP/USD is consolidating slightly below the 20-period moving average at 1.3405 with the Stochastic indicator positioned in neutral middle territory after retreating from overbought levels, reflecting market uncertainty ahead of Wednesday's critical CPI release. The pair trades just under the 200-day EMA at 1.3401 and well below the 50-day EMA at 1.3470, with a clean daily close beneath the 200-day average putting the 1.32 handle back in scope with minimal structural support between current levels and that target. Immediate support at 1.3299 is now critical, with a break below exposing 1.3181 and potentially accelerating the decline toward 1.32 or lower. Recovery attempts will face resistance at 1.3481, with 1.3599 representing a more substantial barrier that would require reclaiming both key EMAs to target. The neutral Stochastic reading in middle territory suggests the pair could swing either direction based on Wednesday's inflation data. A hot CPI print above consensus would ironically pressure sterling by reinforcing stagflation concerns, potentially driving the pair through 1.3299 support toward 1.3181-1.32. Conversely, softer inflation readings could provide temporary relief and trigger a bounce toward 1.3481, though the broader bearish structure would remain intact while prices trade below both key exponential moving averages. Thursday's PMI data and Friday's retail sales add secondary catalysts that lean bearish for growth, while Wednesday's FOMC Minutes will influence the dollar side of the equation.

SPX/USD (S&P 500)

Previous Session Overview

The S&P 500 moved lower on Tuesday, reaching below previous support levels. Currently trading at 7358.55.



Market Outlook

The S&P 500 declined 0.07% on Tuesday to close at 7403.05, extending its pullback from last week's historic peak of 7501 as surging Treasury yields and persistent geopolitical uncertainty continue pressuring equity valuations. US Treasury yields delivered another shock to equity markets Tuesday, with the 30-year bond surging as much as seven basis points to reach 5.20%, a level last witnessed on the eve of the 2007 global financial crisis. The 10-year yield jumped as much as 10 basis points to touch 4.69%, marking the highest reading since early 2025. The Nasdaq Composite underperformed again Tuesday, sliding 0.51% to close at 26090.73 and marking the second consecutive session of declines for the technology-heavy index. Memory chip manufacturers continued facing pressure following Monday's heavy commentary about manufacturing capacity constraints, with Seagate's CEO statement that new factories would take too long to build stoking persistent fears that the memory chip industry lacks sufficient capacity to meet explosive AI demand. The Dow Jones Industrial Average provided relative strength again Tuesday, rising 159.95 points or 0.32% to close at 49686.12, reflecting continued resilience in industrial, financial, and traditional economy sectors. Tuesday's robust ADP employment report showing 42,250 jobs added over the previous four weeks reinforces Fed officials' ability to keep policy tight without employment concerns, with markets currently pricing 50% probability of at least one rate increase before year-end.

Technical Outlook

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

Key Levels to Watch

Resistance: 7432.62; 7507.90

Support: 7278.16; 7203.83

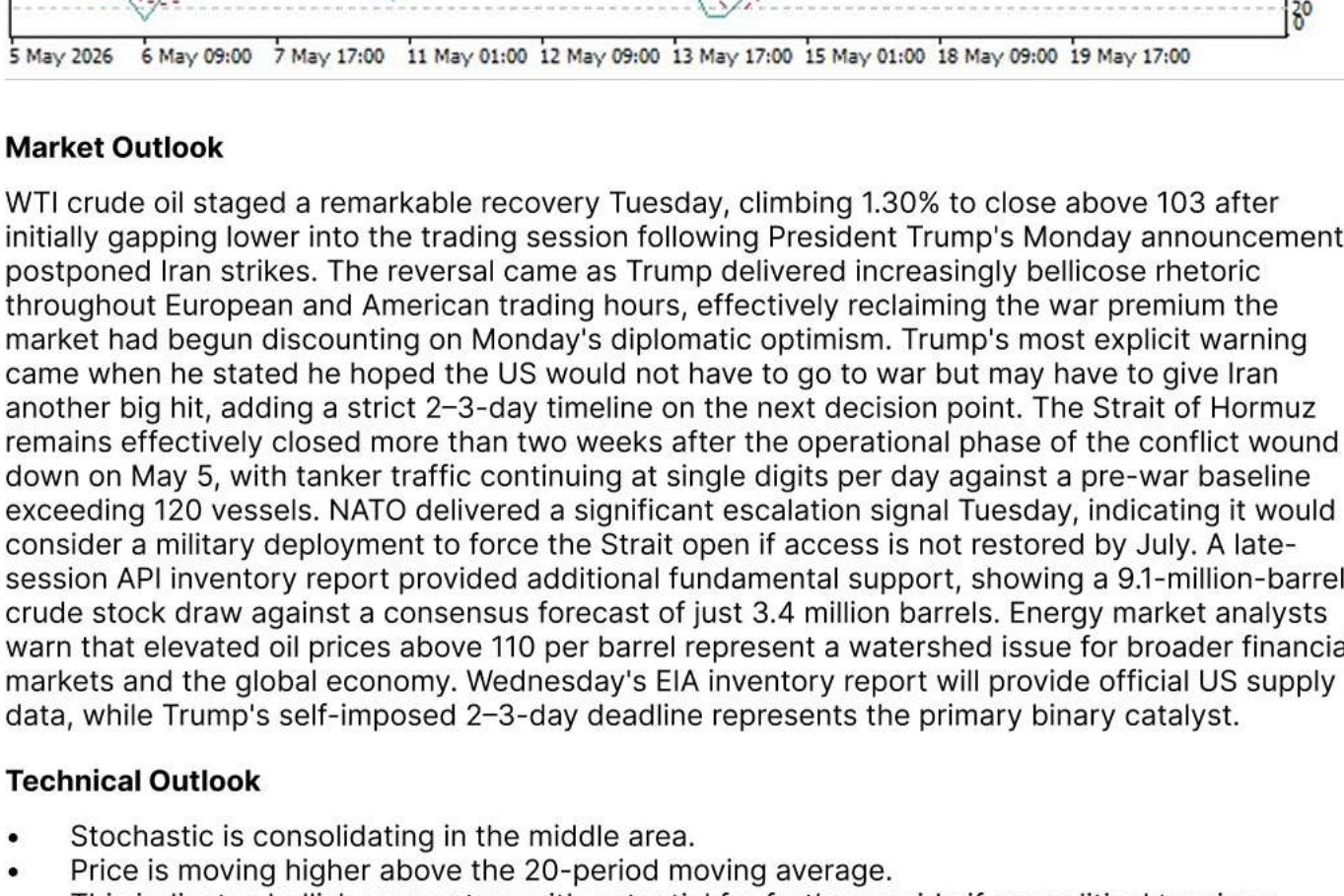
Conclusion

The S&P 500 is moving lower below the 20-period moving average at 7358.55 with the Stochastic indicator heading toward oversold territory, signalling that the correction from last week's record high is gaining momentum. The index has broken below the critical 7359.44 support identified in previous sessions, opening the path toward 7278.16 and potentially 7203.83 if selling pressure intensifies. Immediate resistance now stands at 7432.62, with the recent peak near 7507.90 representing a more substantial barrier that would require a significant catalyst to challenge. Wednesday's FOMC Minutes represent the definitive near-term catalyst, with hawkish revelations emphasizing inflation concerns and potential tightening likely accelerating the decline toward 7278.16 and possibly 7203.83, while unexpectedly dovish language could trigger a technical bounce toward 7432.62. Thursday's Nvidia earnings add a secondary but crucial dimension, with a strong beat potentially challenging the bearish technical setup and driving recovery toward 7432-7470, while disappointing results or cautious guidance could confirm the correction and drive the index toward the 7200-7280 zone. The Stochastic approaching oversold warns that immediate downside momentum may exhaust itself soon, potentially setting conditions for a technical bounce, but sustained recovery requires either a significant dovish shift in Fed expectations or a dramatic positive catalyst from Nvidia that reignites confidence in the AI investment thesis despite capacity constraint concerns and elevated interest rates.

USO/USD (WTI CRUDE OIL)

Previous Session Overview

USO/USD consolidated higher on Tuesday, reaching near previous resistance levels. Currently trading at 106.95.



Market Outlook

WTI crude oil staged a remarkable recovery Tuesday, climbing 1.30% to close above 103 after initially gapping lower into the trading session following President Trump's Monday announcement of postponed Iran strikes. The reversal came as Trump delivered increasingly bellicose rhetoric throughout European and American trading hours, effectively reclaiming the war premium the market had begun discounting on Monday's diplomatic optimism. Trump's most explicit warning came when he stated he hoped the US would not have to go to war but may have to give Iran another big hit, adding a strict 2-3-day timeline on the next decision point. The Strait of Hormuz remains effectively closed more than two weeks after the operational phase of the conflict wound down on May 5, with tanker traffic continuing at single digits per day against a pre-war baseline exceeding 120 vessels. NATO delivered a significant escalation signal Tuesday, indicating it would consider a military deployment to force the Strait open if access is not restored by July. A late-session API inventory report provided additional fundamental support, showing a 9.1-million-barrel crude stock draw against a consensus forecast of just 3.4 million barrels. Energy market analysts warn that elevated oil prices above 110 per barrel represent a watershed issue for broader financial markets and the global economy. Wednesday's EIA inventory report will provide official US supply data, while Trump's self-imposed 2-3-day deadline represents the primary binary catalyst.

Technical Outlook

- Stochastic is consolidating in the middle area.
- Price is moving higher above the 20-period moving average.
- This indicates bullish momentum with potential for further upside if geopolitical tensions escalate.

Key Levels to Watch

Resistance: 111.25; 116.28

Support: 103.38; 98.43

Conclusion

WTI crude oil is trading above the 20-period moving average at 106.95 with the Stochastic indicator cruised in neutral middle territory, reflecting the market's successful recovery of the geopolitical risk premium that was briefly discounted Monday. The commodity bulls well above both the 50-day EMA near 92 and the 200-day EMA around 76, maintaining a firmly bullish technical bias. Immediate resistance at 111.25 represents the next upside target if Trump's 2-3-day deadline passes without diplomatic progress, with 116.28 and the year's March high above 113 as broader ceiling levels. On the downside, support at 103.38 is now critical, with sustained trading above confirming the re-escalation narrative remains dominant, while a break below would signal either diplomatic progress or demand concerns are gaining traction. The neutral Stochastic in middle territory suggests consolidation around current levels is possible as markets await the next binary catalyst, though the fundamental backdrop remains tilted toward higher prices given the massive API inventory draw, NATO's July ultimatum for Strait reopening, and Trump's explicit 2-3-day timeline for potential military action resumption. Wednesday's EIA inventory report will provide the week's supply reality check, but geopolitical developments will remain the primary driver. Any announcement of resumed strikes or expanded operations would likely drive sharp gains toward 111-116, while a genuine breakthrough including comprehensive sanctions relief and full Strait reopening would trigger substantial declines toward 95-100.

Key events for today and tomorrow (GMT):

Date	Time	Currency	Events	Forecast	Previous
20 May	06:00	GBP	CPI y/y	3.0%	3.3%
	16:00	USD	FOMC Meeting Minutes		
21 May	01:30	AUD	Employment Change	15.7K	17.9K
	01:30	AUD	Unemployment Rate	4.3%	4.3%
	08:30	GBP	Flash Manufacturing PMI	53.0	53.7
	08:30	GBP	Flash Services PMI	51.7	52.7

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