

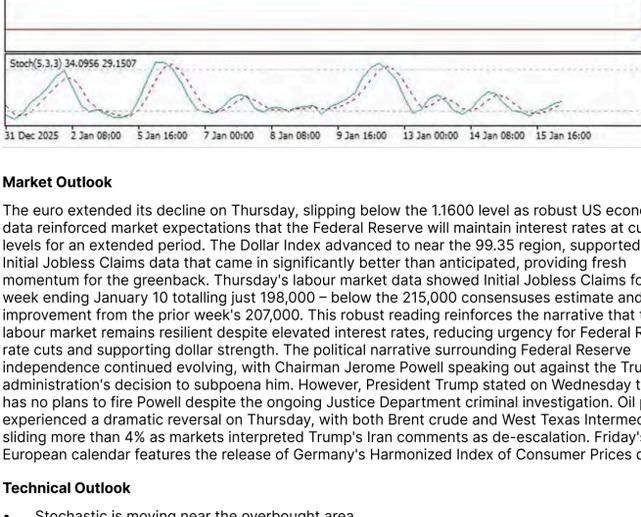
TECHNICAL ANALYSIS REPORT

FRIDAY, JANUARY 16 2026

EUR/USD

Previous Session Overview

EUR/USD moved lower on Thursday, reaching previous support levels. Currently trading at 1.1611.



Market Outlook

The euro extended its decline on Thursday, slipping below the 1.1600 level as robust US economic data reinforced market expectations that the Federal Reserve will maintain interest rates at current levels for an extended period. The Dollar Index advanced to near the 99.35 region, supported by Initial Jobless Claims data that came in significantly better than anticipated, providing fresh momentum for the greenback. Thursday's labour market data showed Initial Jobless Claims for the week ending January 10 totalling just 198,000 – below the 215,000 consensus estimate and an improvement from the prior week's 207,000. This robust reading reinforces the narrative that the US labour market remains resilient despite elevated interest rates, reducing urgency for Federal Reserve rate cuts and supporting dollar strength. The political narrative surrounding Federal Reserve independence continued evolving, with Chairman Jerome Powell speaking out against the Trump administration's decision to subpoena him. However, President Trump stated on Wednesday that he has no plans to fire Powell despite the ongoing Justice Department criminal investigation. Oil prices experienced a dramatic reversal on Thursday, with both Brent crude and West Texas Intermediate sliding more than 4% as markets interpreted Trump's Iran comments as de-escalation. Friday's European calendar features the release of Germany's Harmonized Index of Consumer Prices data.

Technical Outlook

- Stochastic is moving near the overbought area.
- Price is consolidating below the 20-period moving average.
- This setup suggests counterintuitive momentum signals amid downside price action.

Key Levels to Watch

Resistance: 1.1670; 1.1750
Support: 1.1554; 1.1482

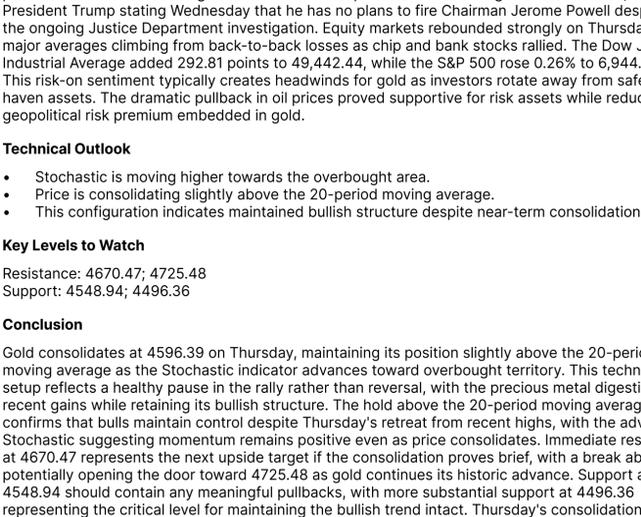
Conclusion

EUR/USD consolidates at 1.1611 on Thursday after breaking below the psychologically important 1.1600 level, trading beneath the 20-period moving average despite Stochastic readings near overbought territory. This divergence between price action and momentum indicators creates an ambiguous technical picture – the Stochastic positioning suggests short-term oversold conditions may limit immediate downside, but the pair's inability to reclaim the 20-period moving average confirms bears maintain structural control. Immediate support at 1.1554 represents a critical level that must hold to prevent acceleration toward 1.1482 and potentially the longer-term 1.1470 support zone. On the upside, EUR/USD faces a significant challenge in reclaiming 1.1670 resistance, with the 20-period moving average now serving as an additional overhead barrier. A sustained break above 1.1670 would be necessary to suggest the recent decline has exhausted itself, with 1.1750 representing the next major resistance level. Friday's German inflation data could provide a catalyst for near-term direction, though strong US labour market data and reduced geopolitical tensions suggest the path of least resistance remains lower for the euro.

GOLD (XAU/USD)

Previous Session Overview

Gold consolidated on Thursday, staying between previous support and resistance levels. Currently trading at 4596.39.



Market Outlook

Gold retreated toward the \$4,600 per troy ounce level on Thursday as expectations for a Federal Reserve rate pause intensified following stronger-than-anticipated US labour market data. The precious metal consolidated below recent record highs near \$4,640, with market dynamics shifting as robust economic data reduced immediate pressure on the Fed to ease monetary policy. Thursday's Initial Jobless Claims data showed just 198,000 new filings for the week ending January 10, significantly below the 215,000 consensus estimate and an improvement from the prior week's 207,000. This resilient labour market reading reinforces the narrative that the US economy continues performing adequately despite elevated interest rates, reducing urgency for Fed rate cuts. The political narrative surrounding Federal Reserve independence showed signs of stabilization, with President Trump stating Wednesday that he has no plans to fire Chairman Jerome Powell despite the ongoing Justice Department investigation. Equity markets rebounded strongly on Thursday, with major averages climbing from back-to-back losses as chip and bank stocks rallied. The Dow Jones Industrial Average added 292.81 points to 49,442.44, while the S&P 500 rose 0.26% to 6,944.47. This risk-on sentiment typically creates headwinds for gold as investors rotate away from safe-haven assets. The dramatic pullback in oil prices proved supportive for risk assets while reducing geopolitical risk premium embedded in gold.

Technical Outlook

- Stochastic is moving higher towards the overbought area.
- Price is consolidating slightly above the 20-period moving average.
- This configuration indicates maintained bullish structure despite near-term consolidation.

Key Levels to Watch

Resistance: 4670.47; 4725.48
Support: 4548.94; 4496.36

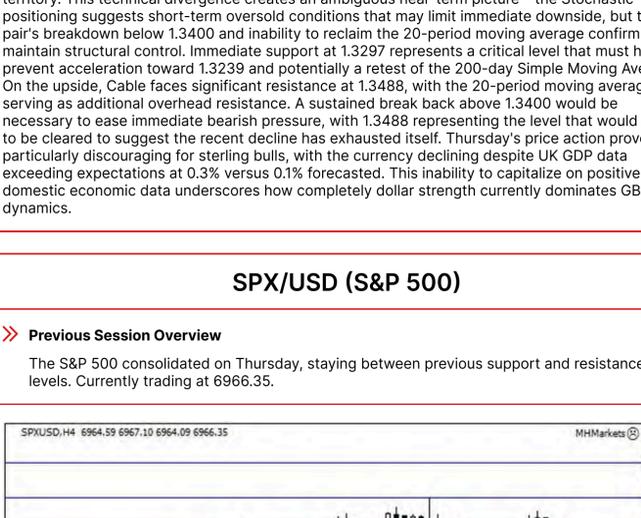
Conclusion

Gold consolidates at 4596.39 on Thursday, maintaining its position slightly above the 20-period moving average as the Stochastic indicator advances toward overbought territory. This technical setup reflects a healthy pause in the rally rather than reversal, with the precious metal digesting recent gains while retaining its bullish structure. The hold above the 20-period moving average confirms that bulls maintain control despite Thursday's retreat from recent highs, with the advancing Stochastic suggesting momentum remains positive even as price consolidates. Immediate resistance at 4670.47 represents the next upside target if the consolidation proves brief, with a break above potentially opening the door toward 4725.48 as gold continues its historic advance. Support at 4548.94 should contain any meaningful pullbacks, with more substantial support at 4496.36 representing the critical level for maintaining the bullish trend intact. Thursday's consolidation came amid shifting market dynamics – stronger US labour data reduced immediate Fed easing expectations, equity market strength reflected improved risk appetite, and geopolitical tensions eased as Trump stepped back from more aggressive Iran rhetoric. Despite these headwinds, gold's ability to hold above key moving average support demonstrates the underlying strength of longer-term supportive factors including Fed independence concerns and broader geopolitical uncertainty.

GBP/USD

Previous Session Overview

GBP/USD moved lower on Thursday, reaching below previous support levels. Currently trading at 1.3389.



Market Outlook

The pound sterling extended its decline on Thursday, slipping below the 1.3400 price zone despite UK economic data reinforcing in stronger than anticipated. Cable surrendered ground as robust US labour market figures reformed expectations for Federal Reserve patience on rate cuts, supporting dollar strength that overwhelmed positive UK-specific developments. UK Gross Domestic Product data for November printed at 0.3% month-over-month, exceeding the 0.1% consensus forecast and demonstrating surprising economic resilience heading into year-end. This robust growth reading would typically provide meaningful support for sterling, but the data's positive impact proved fleeting as dollar strength driven by US developments dominated currency market dynamics. Thursday's US Initial Jobless Claims data showed just 198,000 new filings for the week ending January 10, significantly below the 215,000 consensus and improving from the prior week's 207,000. This resilient labour market reading reinforces the narrative that the US economy continues performing adequately despite elevated interest rates, reducing urgency for Fed rate cuts, and supporting the dollar across currency markets. Equity markets rebounded strongly on Thursday, with major averages climbing from back-to-back losses as chip and bank stocks rallied. The dramatic pullback in oil prices added complexity to Thursday's dynamics, with WTI falling \$2.96 to \$59.08.

Technical Outlook

- Stochastic is moving near the overbought area.
- Price is consolidating below the 20-period moving average.
- This setup suggests counterintuitive momentum signals amid continued downside price action.

Key Levels to Watch

Resistance: 1.3488; 1.3549
Support: 1.3297; 1.3239

Conclusion

GBP/USD consolidates at 1.3389 on Thursday after breaking below the 1.3400 psychological level, trading beneath the 20-period moving average despite Stochastic readings near overbought territory. This technical divergence creates an ambiguous near-term picture – the Stochastic positioning suggests short-term oversold conditions that may limit immediate downside, but the pair's breakdown below 1.3400 and inability to reclaim the 20-period moving average confirms bears maintain structural control. Immediate support at 1.3297 represents a critical level that must hold to prevent acceleration toward 1.3239 and potentially a retest of the 200-day Simple Moving Average. On the upside, Cable faces significant resistance at 1.3488, with the 20-period moving average now serving as additional overhead resistance. A sustained break back above 1.3400 would be necessary to ease immediate bearish pressure, with 1.3488 representing the level that would need to be cleared to suggest the recent decline has exhausted itself. Thursday's price action proved particularly discouraging for sterling bulls, with the currency declining despite UK GDP data exceeding expectations at 0.3% versus 0.1% forecasted. This inability to capitalize on positive domestic economic data underscores how completely dollar strength currently dominates GBP/USD dynamics.

SPX/USD (S&P 500)

Previous Session Overview

The S&P 500 consolidated on Thursday, staying between previous support and resistance levels. Currently trading at 6966.35.



Market Outlook

The S&P 500 rebounded on Thursday, rising 0.26% to close at 6,944.47 as investors snapped a two-day losing streak, with chip and bank stocks rallying to lift the broader market. The Dow Jones Industrial Average added 292.81 points to 49,442.44, while the Nasdaq Composite advanced 0.25% to 23,530.02, though all three major averages ended the session well off their intraday highs. Semiconductor stocks led Thursday's advance following exceptional results from TSMC Semiconductor Manufacturing Company, which delivered another record quarter while announcing plans to boost capital spending in 2026 to between \$52 billion and \$56 billion. This outlook signals strong confidence in the artificial intelligence buildout, with TSMC stock jumping more than 4%. Financial sector strength provided additional upward momentum, with Goldman Sachs advancing 6% after its wealth management unit contributed to beats. The dramatic pullback in oil prices proved supportive for the broader market, with Brent crude and West Texas Intermediate both sliding more than 4% as geopolitical tensions eased. Economic data released Thursday reinforced the case for equity market strength, with Initial Jobless Claims totalling just 198,000, below the 215,000-consensus estimate. However, the session's intraday dynamics warrant attention, with strong opening gains followed by afternoon weakness.

Technical Outlook

- Stochastic is trying to cross lower near the overbought area.
- Price is consolidating around the 20-period moving average.
- This setup suggests potential loss of upside momentum despite Thursday's gains.

Key Levels to Watch

Resistance: 7001.41; 7046.94
Support: 6902.27; 6854.08

Conclusion

The S&P 500 consolidates at 6966.35 on Thursday after rebounding 0.26% from the prior session's decline, trading around the 20-period moving average as the Stochastic indicator attempts to cross lower from near overbought levels. This technical configuration reflects the market's ambiguous positioning – Thursday's rebound demonstrated buying interest exists to support conviction, but the afternoon fade from session highs and Stochastic weakness suggest bulls lack the conviction to drive a decisive breakout to new records. The index's consolidation around the 20-period moving average makes this level critical for determining near-term direction. Sustained trading above this key moving average would confirm Thursday's 7001.41 resistance more than just a technical relief rally, potentially opening the door toward 7046.94 and the psychologically significant 7000 level. Conversely, failure to hold the 20-period moving average would suggest the two-day decline earlier in the week represents the beginning of a deeper correction, with support at 6902.27 and 6854.08 below. The intraday pattern deserves attention – the morning strength followed by afternoon weakness indicates potential exhaustion of buying interest at current elevated levels. While TSMC's exceptional results and robust capex guidance provided reassurance about AI infrastructure demand, the market's inability to hold session highs suggests investors remain cautious about aggressively adding exposure near record valuations.

Key events for today (GMT):

Date	Time	Currency	Events	Forecast	Previous
16 Jan			No Key Events for Today		

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