

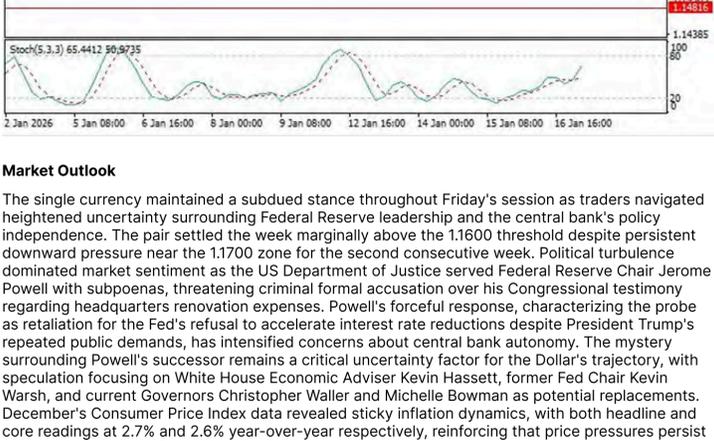
TECHNICAL ANALYSIS REPORT

MONDAY, JANUARY 19 2026

EUR/USD

Previous Session Overview

EUR/USD consolidated on Friday, remaining between previous support and resistance levels. Currently trading at 1.1625.



Market Outlook

The single currency maintained a subdued stance throughout Friday's session as traders navigated heightened uncertainty surrounding Federal Reserve leadership and the central bank's policy independence. The pair settled the week marginally above the 1.1600 threshold despite persistent downward pressure near the 1.1700 zone for the second consecutive week. Political turbulence dominated market sentiment as the US Department of Justice served Federal Reserve Chair Jerome Powell with subpoenas, threatening criminal formal accusation over his Congressional testimony regarding headquarters renovation expenses. Powell's forceful response, characterizing the probe as retaliation for the Fed's refusal to accelerate interest rate reductions despite President Trump's repeated public demands, has intensified concerns about central bank autonomy. The mystery surrounding Powell's successor remains a critical uncertainty factor for the Dollar's trajectory, with speculation focusing on White House Economic Adviser Kevin Hassett, former Fed Chair Kevin Warsh, and current Governors Christopher Waller and Michelle Bowman as potential replacements. December's Consumer Price Index data revealed sticky inflation dynamics, with both headline and core readings at 2.7% and 2.6% year-over-year respectively, reinforcing that price pressures persist stubbornly above the Fed's 2% objective.

Technical Outlook

- Stochastic has rebounded from oversold territory but currently hovers in neutral zone.
- Price action consolidating around the 20-period moving average.
- Configuration suggests the pair is at a critical inflection point.

Key Levels to Watch

Resistance: 1.1700; 1.1762
Support: 1.1551; 1.1482

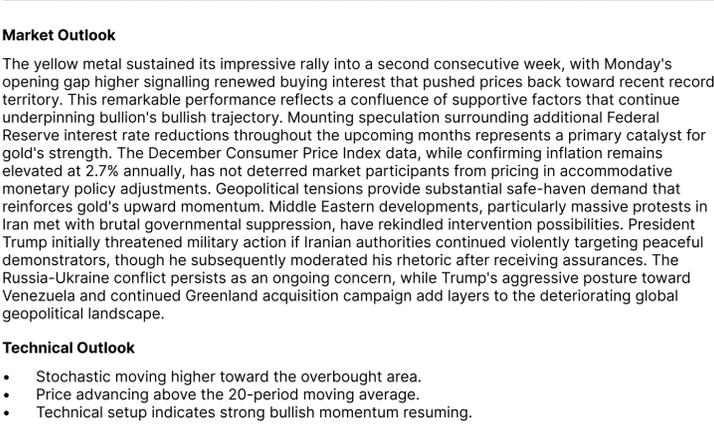
Conclusion

EUR/USD holds around the 1.1625 level as market participants grapple with Federal Reserve independence concerns and Powell succession uncertainty. The Stochastic indicator's recovery from oversold levels to neutral territory combined with price oscillating around the 20-period moving average reflects genuine indecision in the market. The pair's position around the moving average represents a critical juncture—a sustained break above could target the psychologically significant 1.1700 resistance with extension potential toward 1.1762, while rejection risks a retreat to 1.1551 support and potentially 1.1482 below. With Fed Chair uncertainty dominating sentiment and limited conviction in directional bets, the week ahead could prove pivotal. Upcoming US PCE inflation data and preliminary PMI readings will be crucial, as will any announcements regarding Powell's successor. The technical neutrality mirrors fundamental uncertainty, suggesting traders should watch for a decisive break from the current consolidation to establish the next directional move.

GOLD (XAU/USD)

Previous Session Overview

Gold consolidated on Friday, maintaining position between previous support and resistance boundaries before creating a higher movement on Monday morning. Currently trading at 4658.21.



Market Outlook

The yellow metal sustained its impressive rally into a second consecutive week, with Monday's opening gap higher signalling renewed buying interest that pushed prices back toward recent record territory. This remarkable performance reflects a confluence of supportive factors that continue underpinning bullion's bullish trajectory. Mounting speculation surrounding additional Federal Reserve interest rate reductions throughout the upcoming months represents a primary catalyst for gold's strength. The December Consumer Price Index data, while confirming inflation remains elevated at 2.7% annually, has not deterred market participants from pricing in accommodative monetary policy adjustments. Geopolitical tensions provide substantial safe-haven demand that reinforces gold's upward momentum. Middle Eastern developments, particularly massive protests in Iran met with brutal governmental suppression, have rekindled intervention possibilities. President Trump initially threatened military action if Iranian authorities continued violently targeting peaceful demonstrators, though he subsequently moderated his rhetoric after receiving assurances. The Russia-Ukraine conflict persists as an ongoing concern, while Trump's aggressive posture toward Venezuela and continued Greenland acquisition campaign add layers to the deteriorating global geopolitical landscape.

Technical Outlook

- Stochastic moving higher toward the overbought area.
- Price advancing above the 20-period moving average.
- Technical setup indicates strong bullish momentum resuming.

Key Levels to Watch

Resistance: 4751.66; 4802.41
Support: 4587.22; 4536.47

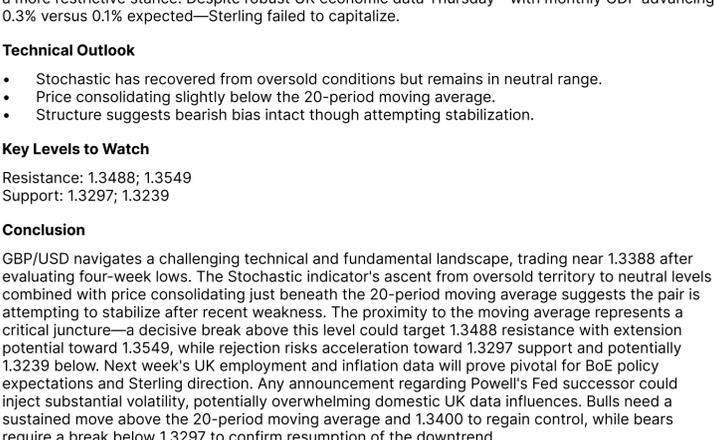
Conclusion

Gold demonstrates renewed bullish vigour trading at 4658.21, with Monday's gap opening higher confirming that buyers remain firmly in control. The Stochastic indicator's advance toward overbought territory and price moving decisively above the 20-period moving average signal that the uptrend has resumed following Friday's consolidation. Immediate resistance at 4751.66 represents the next hurdle, with a break targeting the 4802.41 zone that brings the psychologically significant \$5,000 level into realistic striking distance. On the downside, support at 4587.22 should attract dip-buyers, with deeper pullbacks potentially evaluating 4536.47. The fundamental backdrop—combining Fed rate cut expectations, geopolitical turbulence across multiple regions, Federal Reserve independence concerns, and strong institutional demand evidenced by the gap opening—continues favouring upside potential. The upcoming US PCE inflation data will prove critical; softer readings could propel gold through resistance toward new record highs, while stickier inflation might trigger profit-taking.

GBP/USD

Previous Session Overview

GBP/USD consolidated on Friday, holding between previous support and resistance parameters. Currently trading at 1.3388.



Market Outlook

The Pound Sterling endured a challenging week, declining to four-week lows around 1.3360 before recovering modestly to current levels near 1.3388. The currency's weakness against the Dollar reflects a combination of dovish Bank of England commentary and shifting Federal Reserve expectations that have undermined the anticipated monetary policy divergence. Early in the week, Sterling exhibited firmness, surging to 1.3486 on Monday following criminal charges against Fed Chair Powell. However, the Sterling rally proved short-lived as Bank of England policymaker Alan Taylor delivered unexpectedly dovish remarks on the monetary policy trajectory. Speaking Wednesday, Taylor suggested inflation could return to the central bank's 2% target by mid-2026, significantly earlier than the 2027 timeline previously discussed. He projected interest rates could normalize to neutral sooner rather than later, contrasting with the BoE's December guidance of a gradual downward path for monetary policy. This dovish shift carried substantial implications for GBP/USD dynamics. Market participants had been positioning for Fed-BoE policy divergence, expecting the Federal Reserve to cut rates more aggressively while the Bank of England maintained a more restrictive stance. Despite robust UK economic data Thursday—with monthly GDP advancing 0.3% versus 0.1% expected—Sterling failed to capitalize.

Technical Outlook

- Stochastic has recovered from oversold conditions but remains in neutral range.
- Price consolidating slightly below the 20-period moving average.
- Structure suggests bearish bias intact though attempting stabilization.

Key Levels to Watch

Resistance: 1.3488; 1.3549
Support: 1.3297; 1.3239

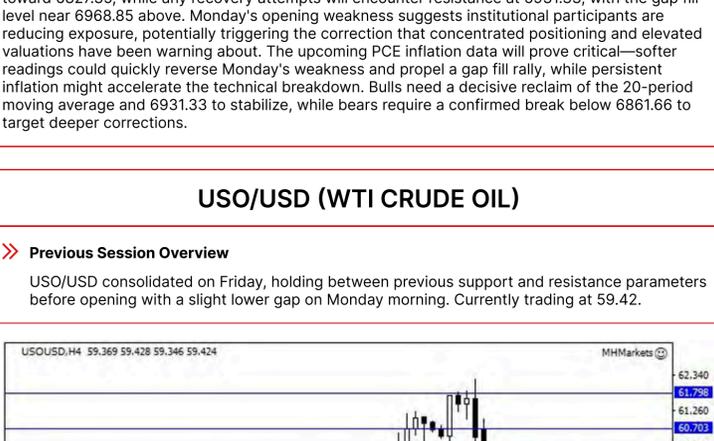
Conclusion

GBP/USD navigates a challenging technical and fundamental landscape, trading near 1.3388 after evaluating four-week lows. The Stochastic indicator's ascent from oversold territory to neutral levels combined with price consolidating just beneath the 20-period moving average suggests the pair is attempting to stabilize after recent weakness. The proximity to the moving average represents a critical juncture—a decisive break above this level could target 1.3488 resistance with extension potential toward 1.3549, while rejection risks acceleration toward 1.3297 support and potentially 1.3239 below. Next week's UK employment and inflation data will prove pivotal for BoE policy expectations and Sterling direction. Any announcement regarding Powell's Fed successor could inject substantial volatility, potentially overwhelming domestic UK data influences. Bulls need a sustained move above the 20-period moving average and 1.3400 to regain control, while bears require a break below 1.3297 to confirm resumption of the downtrend.

SPX/USD (S&P 500)

Previous Session Overview

The S&P 500 consolidated on Friday, trading between previous support and resistance zones before opening with a lower gap on Monday morning. Currently at 6887.60.



Market Outlook

US equity markets encountered turbulence as the week began, with the S&P 500 gapping lower on Monday's open, signalling a shift in sentiment from the previous week's near-record positioning. The index's weakness reflects growing concerns about market concentration, Federal Reserve policy uncertainty, and emerging questions about the sustainability of the wealth effect driving consumer spending. Monday's gap down opening represents a technical deterioration that suggests institutional positioning may be shifting. After hovering near record territory with a mere 41 AI-related stocks accounting for 47% of the index's total valuation, cracks in this unprecedented concentration are beginning to appear. The gap lower comes as market participants reassert the implications of sticky inflation and the likelihood that the Federal Reserve will maintain restrictive policy longer than previously anticipated. December CPI data showing both headline and core readings at 2.7% and 2.6% respectively reinforces that price pressures remain stubbornly above the Fed's 2% target. Federal Reserve independence concerns add complexity to the outlook. The Justice Department's criminal investigation threat against Chair Powell raises fundamental questions about monetary policy autonomy.

Technical Outlook

- Stochastic moving lower toward the oversold area.
- Price declining below the 20-period moving average.
- Configuration signals bearish momentum developing following gap down.

Key Levels to Watch

Resistance: 6931.33; 6968.85
Support: 6861.66; 6827.35

Conclusion

The S&P 500 faces technical deterioration at 6887.60 following Monday's gap lower opening, with the Stochastic indicator declining toward oversold territory and price slipping below the 20-period moving average. This combination signals a potential shift from consolidation to correction, though the magnitude remains uncertain. Immediate support at 6861.66 must hold to prevent acceleration toward 6827.35, while any recovery attempts will encounter resistance at 6931.33, with the gap fill level near 6968.85 above. Monday's opening weakness suggests institutional participants are reducing exposure, potentially triggering the correction that concentrated positioning and elevated valuations have been warning about. The upcoming PCE inflation data will prove critical—softer readings could quickly reverse Monday's weakness and propel a gap fill rally, while persistent inflation might accelerate the technical breakdown. Bulls need a decisive reclaim of the 20-period moving average and 6931.33 to stabilize, while bears require a confirmed break below 6861.66 to target deeper corrections.

USO/USD (WTI CRUDE OIL)

Previous Session Overview

USO/USD consolidated on Friday, holding between previous support and resistance parameters before opening with a slight lower gap on Monday morning. Currently trading at 59.42.



Market Outlook

Crude oil prices encountered early week pressure with a modest gap lower on Monday's open, reflecting the delicate balance between geopolitical risk premiums and persistent supply-side headwinds. The slight opening weakness follows Martin Luther King holiday weekend. Geopolitical tensions in the Middle East remain the primary potential bullish catalyst, with the US Navy's aircraft carrier USS Abraham Lincoln arriving in the Persian Gulf region. Investors harbour ongoing concerns that any escalation could prompt Iran to attempt blocking the Strait of Hormuz, a critical chokepoint through which roughly 25% of global oil supply transits. President Trump's handling of Iran tensions has moderated from initial aggressive posturing, adopting softer rhetoric following assurances that weighing supply-side pressures over geopolitical risks. Market analysts highlight that anticipated abundant global oil supply throughout 2026 may cap any geopolitical risk premium embedded in prices. The market continues digesting OPEC+'s recent decision to accelerate production increases.

Technical Outlook

- Stochastic attempting to cross lower near the overbought area.
- Price consolidating slightly below the 20-period moving average.
- Setup suggests bearish pressure developing following gap down opening.

Key Levels to Watch

Resistance: 60.70; 61.80
Support: 57.72; 56.56

Conclusion

WTI crude oil trades at 59.42 following Monday's gap lower opening, with the Stochastic indicator attempting a bearish cross near overbought territory and price slipping below the 20-period moving average. This technical deterioration suggests the supply-demand balance is tilting bearish despite ongoing geopolitical uncertainties. Immediate support at 57.72 represents critical near-term defence for bulls, with a break potentially accelerating decline toward 56.56. On the upside, resistance at 60.70 must be reclaimed to alleviate downside pressure, with 61.80 representing more substantial overhead barriers. Monday's gap lower signals that market participants are increasingly prioritizing OPEC+'s accelerated production increases and expectations for elevated 2026 global supply over geopolitical risk premiums. The gap down opening shifts near-term technical bias bearish, with bulls requiring a decisive reclaim of the 20-period moving average and gap fill toward \$59.50-\$60.00 to stabilize. Bears maintain control while price remains below the moving average.

Key events for today and tomorrow (GMT):

Date	Time	Currency	Events	Forecast	Previous
19 Jan	All Day	USD	Bank Holiday		
	13:30	CAD	CPI m/m	-0.4%	0.1%
	13:30	CAD	Trimmed CPI y/y	2.7%	2.8%
20 Jan	07:00	GBP	Claimant Count Change	18.8K	20.1K

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