

WED 08 OCTOBER 2025 07:00

DAILY FX REPORT

# Technical Pressure Builds as Yen Weakens

## EUR / USD

The EUR/USD pair faces mounting pressure as political instability in France, highlighted by Prime Minister Lecornu's resignation, coincides with disappointing German economic data, including a 0.8% decline in factory orders. The widening French-German 10-year bond spread, reaching crisis-level highs of 86 basis points, reflects growing concerns about the eurozone's economic stability.

Technical analysis reveals bearish momentum, with the pair testing support at 1.1650 and the daily RSI dropping to 43.5. The next support level stands at the crucial 10-day moving average of 1.1630. The ECB's relatively neutral stance, coupled with Vice President de Guindos's acknowledgement of geopolitical risks and weak domestic growth, contrasts with expectations of Fed rate cuts, creating a divergent monetary policy landscape.

The currency pair's immediate outlook appears bearish, with significant resistance at 1.1770 and potential downside risk toward the 100 SMA at 1.1630, particularly if the current support level at 1.1650 fails to hold.

## USD / JPY

USD/JPY demonstrated exceptional strength, breaking through multiple technical resistance levels and reaching six-month highs above 152, driven by both technical and fundamental factors. The currency pair's upward momentum has been particularly pronounced during European and North American trading sessions, with significant institutional participation evidenced by peak trading volumes around 151.18. Political developments in Japan have provided fundamental support to the bullish trend, as Sanae Takaichi's victory and her dovish monetary policy stance have significantly reduced expectations for near-term BOJ rate hikes, with the probability of the October hike falling from 60% to 26%.

The technical outlook remains strongly bullish, with the RSI at 69.73 indicating robust momentum, although it is approaching overbought conditions that warrant careful monitoring. While the Japanese Finance Ministry maintains close surveillance of currency movements as the yen reaches historic lows, the immediate trajectory appears to favour further USD/JPY strength, with potential to test the 153 level. However, the sustainability of this trend may ultimately depend on both the pace of BOJ policy normalisation and broader dollar dynamics, particularly given Japan's above-2% inflation environment, which could constrain aggressive monetary easing. As a result, while the next support level at 150 seems to be established, the upside momentum may be losing steam by the weekend, given that no new announcements from Japanese policymakers are expected to take place.

## GBP / USD

GBP/USD faces headwinds as the pair remains capped by a convergence of moving averages around the 1.3450 level. The Bank of England maintains a hawkish stance on inflation, expecting it to peak around 4% in September, which contrasts with the US government shutdown, creating market uncertainty and delaying crucial economic data releases. Technical analysis reveals moderate bearish momentum, with the pair declining from 1.3480 to 1.3430 and testing support at 1.3420. Key indicators, such as the RSI at 46, suggest a weakening trend.

The ongoing political gridlock in the US has tempered dollar strength, though markets are pricing in aggressive rate cuts with high probabilities for both October and December. The technical structure remains bearish in the near term, with price action consistently below both the 1.3500 mark, suggesting continued resistance from the upside. A critical juncture lies ahead as the pair must either defend support at 1.3420 to enable a bullish recovery toward 1.3500, or risk breaking lower to target the 200-day moving average at 1.3164.

## Economic Calendar

Currency	Date	Time	Indicator	Period	Survey	Prior
JPY	8/10	00:50	BoP Current Account Balance	Aug	¥3369.8b	¥2684.3b
USD	8/10	12:00	MBA Mortgage Applications	Oct 3		-12.7%
USD	8/10	19:00	FOMC Meeting Minutes	Sep 17		

Source: Bloomberg

---

### Risk warning

This is a marketing communication. The information in this report is provided solely for informational purposes and should not be regarded as a recommendation to buy, sell or otherwise deal in any particular investment. Please be aware that, where any views have been expressed in this report, the author of this report may have had many, varied views over the past 12 months, including contrary views.

This report was prepared with the assistance of artificial intelligence.

A large number of views are being generated at all times and these may change quickly. Any valuations or underlying assumptions made are solely based upon the author's market knowledge and experience.

Please contact the author should you require a copy of any previous reports for comparative purposes. Furthermore, the information in this report has not been prepared in accordance with legal requirements designed to promote the independence of investment research. All information in this report is obtained from sources believed to be reliable and we make no representation as to its completeness or accuracy.

This report is not subject to any prohibition on dealing ahead of the dissemination of investment research. Accordingly, the information may have been acted upon by us for our own purposes and has not been procured for the exclusive benefit of customers. Sucden Financial believes that the information contained within this report is already in the public domain. Private customers should not invest in these products unless they are satisfied that the products are suitable for them and they have sought professional advice. Please read our full risk warnings and disclaimers ([www.sucdenfinancial.com/en/risk-warning-and-disclaimers](http://www.sucdenfinancial.com/en/risk-warning-and-disclaimers)).