LSEG: Europe FX Markets Open

Europe FX Markets Open - October 28 - Reuters News

Sentiment:
Mostly Negative

28 Oct 2026 12:59:51 PM

Open in LSEG Workspace

USD steady into Fed, NZD dives on RBNZ hold, AUD up on hawkish RBA

Market Briefs
• AI worries expose dollar's hot-money problem
• PREVIEW-Big Tech earnings to test AI boom amid market turmoil
• POLL – Fed to skip October but raise rates again in December
• ANALYSIS – Bond investors are thinking less about the Fed and more about AI, deficits
• RBNZ unexpectedly holds OCR at 2.75%, 3.00% f'cast, signals likely hikes
• RBA Breman – Likely OCR to rise higher than previous path
• RBA to debate if four rate hikes sufficient to meet inflation target
• RBA Bullock – Inflation is far too high, RBA Hauser agrees, RBA Hunter says CPI stronger than eyed
• Australia's hot Q3 inflation cements case for imminent rate rise
• AU Q3 CPI QQ 1.3%, 1.2% f'cast, 0.6% prev; YY 3.9%, 3.9% f'cast, 3.9% prev
• AU Q3 RBA Wtd Median CPI QQ 1.0%, 1.1% f'cast, 0.7% prev; YY 3.6%, 3.6% f'cast, 3.6% prev
• AU Q3 RBA Trimmed Mean CPI QQ 1.0%, 1.0% f'cast, 0.8% prev; YY 3.7 %, 3.6% f'cast, 3.6% prev
• AU Sept CPI MM 0.8%, 0.7% f'cast, 0.4% prev; YY 4.3%, 4.2% f'cast, 4.0% prev
• AU Sept Wtd Median CPI MM 0.2%, 0.3% prev; YY 3.4%, 3.6% prev
• AU Sept Trimmed Mean CPI MM 0.3%, 0.3% f'cast, 0.2% prev; YY 3.6%, 3.6% f'cast, 3.5% prev
• Japan bond yields rise as haven demand recedes, BOJ meeting looms
• Japan's Nikkei jumps as tech results revive AI optimism
• Healey – Preparing to cut household gas bills by GBP50 - Telegraph
• Thousands rally outside Portugal's parliament over housing crisis, police operations

• Netanyahu, Eisenkot stake rival claims to lead Israel after deadlocked vote
• COLUMN – Lula's win in Brazil deals harsh blow to Trump's 'Donroe Doctrine'

Looking Ahead - Economic Data (GMT)
• 07:00 DE Nov GfK/NIM Consumer Sentiment -30.9 f'cast, -30.6 prev

Looking Ahead - Events, Other Releases (GMT)
• N/A ECB policy meeting begins (To October 29)
• 13:45 BoC interest rate announcement, MPR
• 18:00 FOMC policy announcement/18:30 FOMC Chair Warsh presser
• 18:05 RBNZ Breman interview in Wellington

Commentary and Analysis

USD/JPY remains bid @158.00, AUD/JPY bid too, NZD/JPY off
• USD/JPY remained bid in Asia, 157.80-158.03 EBS, in 156.23-158.44 Ichi cloud
• Market on tenterhooks ahead of FOMC policy announcement, hawkish hold eyed
• Moves in US yields, market reaction to FOMC to be eyed closely
• Case of buy-the-rumour, sell-the-fact? Plenty of uncertainties
• Further USD/JPY resistance at 158.54 200-DMA, 159.27 100-DMA
• Hourly Ichimoku tenkan 157.91, kijun 157.79, 200-HMA 157.70, cloud 157.04-38
• Option expiries today include 157.00/50 $1.9 bln, 157.75-85 $3.2 bln
• Also $1.5 bln at 158.00 strike and $1.4 bln between 158.25-30
• Large to massive option expiries today to help contain FX action into FOMC?
• JPY crosses mostly in stasis for now awaiting fresh flows
• EUR/JPY 175.57-84 EBS, holding above 175.19 low Friday, lowest since Oct '25
• Back below 175.80-176.06 hourly Ichimoku cloud
• CHF/JPY 190.15-65, 190.58 100-HMA cap? Below 191.58-194.53 daily Ichi cloud
•GBP/JPY 209.86-210.27, below 210.71-213.31 daily cloud, near 210.06 100-HMA
• AUD/JPY bid on hawkish RBA-speak, 110.84-111.34, below 111.71-112.09 cloud
• NZD/JPY 89.85 to 88.13 before steadying, against expectations, RBNZ holds
• RBNZ maintained its hawkish bias but did not hike as generally expected

EUR pairs remain heavy in lazy Asia trade ahead of FOMC
• EUR/USD heavy, 1.1121-32 EBS in lazy Asia trade into tonight's FOMC decision
• Holding for now above 1.1113 low October 14, lowest since 1.1065 May 12, '25
• Some support eyed ahead at 1.1100, break targets May '25 lows, 1.1000
• 1.1000 seen as a possible, large option barrier level, large stops below
• In vanilla expiries today, 1.1050-1.1100 E1.2 bln, 1.1125-95 E3.9 bln
• Also between 1.1200-80 total E7.0 bln, 1.1300-70 E5.4 bln, more to upside
• Just looking at option expiries, risks more to the EUR/USD downside
• EUR/JPY 175.57-84 EBS, holding above 175.19 low Friday, lowest since Oct '25

• EUR/GBP 0.8361-64, lowest since 0.8356 on May 29, 2025
• EUR/CHF 0.9220-30 EBS, holding above 0.9198/99 double bottom Thursday/Friday

AUD/USD upbeat as RBA hike bets firm sharply
• AUD/USD +0.3% Wed after RBA comments triggered a sharp rate-hike repricing
• Futures pricing implies 90.1% chance of Nov RBA hike, up from sub-65% Tue
• RBA Governor Bullock says domestic capacity pressures fuelling inflation
• Hotter than expected Q3 inflation also stoking rate hike speculation
• AU Q3 CPI +1.3% q/q, +3.9% y/y (poll consensus: +1.2%, +3.9% respectively)
• FOMC widely expected to hold FFR steady Wed, dialogue will be critical
• AUD sellers ahead of 0.7056 200-DMA slowing topside extension short-term
• Range Asia 0.7026-55 support 0.6865 0.6834, resistance 0.7053 0.7282

GBP/USD-Drifts towards support on UK budget day; Fed in focus
• GBP/USD on the defensive in Asia after closing 0.25% lower on Tuesday
• Undermined by broad dollar strength ahead of Wednesday's Fed rate decision
• Traders cautious ahead of UK budget to be announced just after 1230 GMT
• Healey seeks to steer UK through 'difficult moment' with low-key budget
• How new UK finance minister's first budget could affect markets
• Resistance 1.3345-50,1.3390-1.3400, support 1.3295-1.3300, 1.3277-82, 1.3245
• Tuesday range 1.3304-1.3346, Asia 1.32985-1.3311

NZD/USD steadies after shock RBNZ decision
• NZD/USD -1.4% Wed as dust settles in aftermath of unexpected OCR hold
• Initial shock tempered by RBNZ admission that further OCR increases likely
• Futures pricing now implies 70.9% probability of Dec 9 RBNZ hike
• Break below 0.5637 21-DMA a very bearish signal, 0.5566 the next target
• FOMC outcome and associated dialogue due later Wed, will be closely watched
• Brent crude +1.8% in Asia to $115.88 a barrel as Middle East talks continue
• Range NZ 0.55831-0.5687, support 0.5566 0.5485, resistance 0.5995 0.6012

USD/JPY to around 158.00 from 157.00 area into FOMC
USD/JPY is back to trading near 158.00 after a brief interlude around 157.00, helped by expectations of a hawkish Federal Open Market Committee rate hold Wednesday and recovery in AI-related stocks following Anthropic's IPO announcement. However, whether this week's gains can be sustained remains uncertain. Concerns persist over excessive exuberance in AI stocks and hyperscaler credit, and it may take only another drop on Wall Street led by AI stocks to prompt fresh US dollar sales. Granted, the US dollar maintains its haven status amid global geopolitical tensions led by the Middle East, but recent declines in crude oil prices have mitigated some of these fears. With USD/JPY trading within 157.80-158.03 EBS so far in Asia Wednesday, wariness over fresh Japanese FX intervention is back on the table. Additionally, the Bank of Japan is broadly expected to

deliver a hawkish policy hold at its Policy Board meeting Friday. Admittedly the government, which remains reflationist despite its denials, will likely try to delay further BOJ hikes. Economy Minister Minoru Kiuchi has stated his desire to attend Friday's BOJ meeting, and will no doubt call for BOJ patience. The market is likely to remain on tenterhooks ahead of the FOMC announcement and maybe the BOJ decision Friday. Reaction to the announcements should determine where USD/JPY goes from here.

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