



Market News

29/08/2022

NEWS

- Following FOMC Chairman Jerome Powell's speech at the Jackson Hole Symposium on Friday, the US Dollar Index gathered strength and posted weekly gains. The economic docket will not be featuring any high-impact data releases on Monday and the risk perception alongside the market pricing of the Fed's rate outlook could continue to drive the market action.
- While delivering his opening remarks on Friday, Powell reiterated that restoring the price stability will likely require maintaining a restrictive policy stance for 'some time.' Regarding the September rate decision, Powell said the size of the rate increase will depend on the totality of the data since the July policy meeting.
- Over the weekend, European Central Bank policymakers adopted a hawkish tone at the Jackson Hole Symposium. ECB Governing Council member Francois Villeroy de Galhau noted that ECB needs another significant interest rate hike in September. ECB policymaker Olli Rehn noted the euro's exchange rate was a "significant consideration" when setting up the monetary policy. Finally, ECB Governing Council member Isabel Schnabel argued that they had little choice but to continue the normalization path even if the eurozone were to enter a recession.





EURUSD



EURUSD

- EUR/USD remains pressured towards 0.9900, eyeing a fresh two-decade low in early Europe. US dollar marches higher with yields amid Fed Powell's hawkish stance and risk-aversion. ECB-speak and German fiscal stimulus news fail to rescue EUR bulls.
- The escalating energy crisis in the Eurozone and doubts raised about the global central banks' ability to overcome recession woes, as presented by the study at the Jackson Hole, highlight the risk-off mood. Alternatively, the news that Germany's ruling party Social Democrats (SPD) will propose further measures to help ease the impact of rising energy prices on citizens, per Reuters, seems to challenge the EUR/USD bears.
- The main pair is expected to display more losses if the asset drops below August 23 low at 0.9900. An occurrence of the same will drag the asset to 29 October 2002 low around 0.9800. Meanwhile, pullback moves may initially aim the 0.9950 level before testing the psychological resistance of 1.0000.



Euro / U.S. Dollar, 1D, 00.99651 H0.99656 L0.99180 C0.99278 -0.00362 (-0.36%)



Euro / U.S. Dollar, 4h, O0.99302 H0.99377 L0.99182 C0.99245 -0.00057 (-0.06%)

USD



5 13:00 Aug 13:00 8 13:00 15 13:00 22 13:00 29



GBPUSD



FOREX



NG



ES



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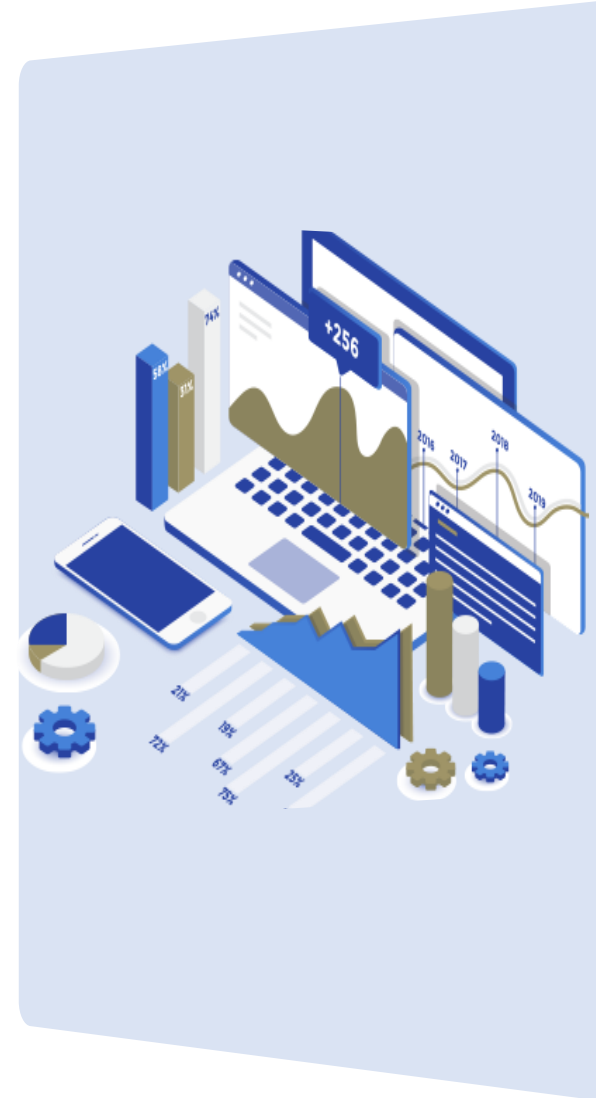


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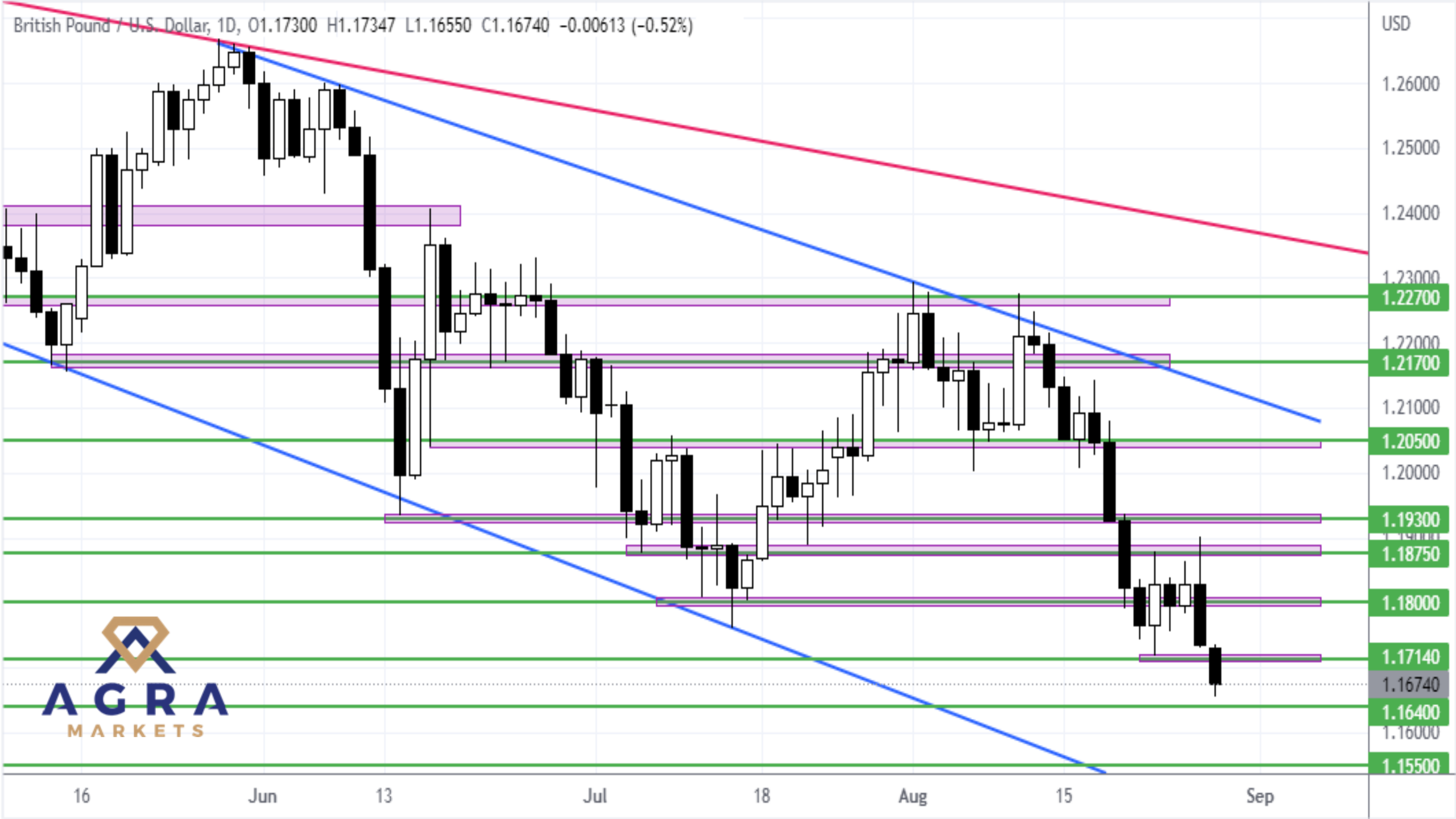


GBPUSD

- GBP/USD suffers amid broad US dollar strength and UK recessionary fears on surging energy costs. The UK Summer Bank Holiday could exaggerate moves. The fears surrounding the UK's economic slowdown escalate after the British energy regulator conveyed that the British energy bills will jump 80% to an average of 3,549 pounds (\$4,188) a year from October.
- To tackle the same, UK's leadership frontrunner Liz Truss is considering cutting value-added tax (VAT) by 5% across the board to help tackle the cost-of-living crisis if she succeeds Boris Johnson as prime minister next month, the Sunday Telegraph reported. However, the move is considered less effective by supporters of the other candidate for leadership of the governing Conservative Party, former finance minister Rishi Sunak.
- A clear downside break of the 1.1714 support keeps buyers hopeful to aim 25 March 2002 low around 1.1640. A breach of the latter will send the cable towards the 1.1550 level. On the flip side, the resistance of 1.1714 restricts immediate upside of GBP/USD before directing the bulls towards the round resistance of 1.1800.



British Pound / U.S. Dollar, 1D, O1.17300 H1.17347 L1.16550 C1.16740 -0.00613 (-0.52%)



16

Jun

13

Jul

18

Aug

15

Sep

British Pound / U.S. Dollar, 4h, O1.16787 H1.16858 L1.16553 C1.16750 -0.00037 (-0.03%)





USDJPY



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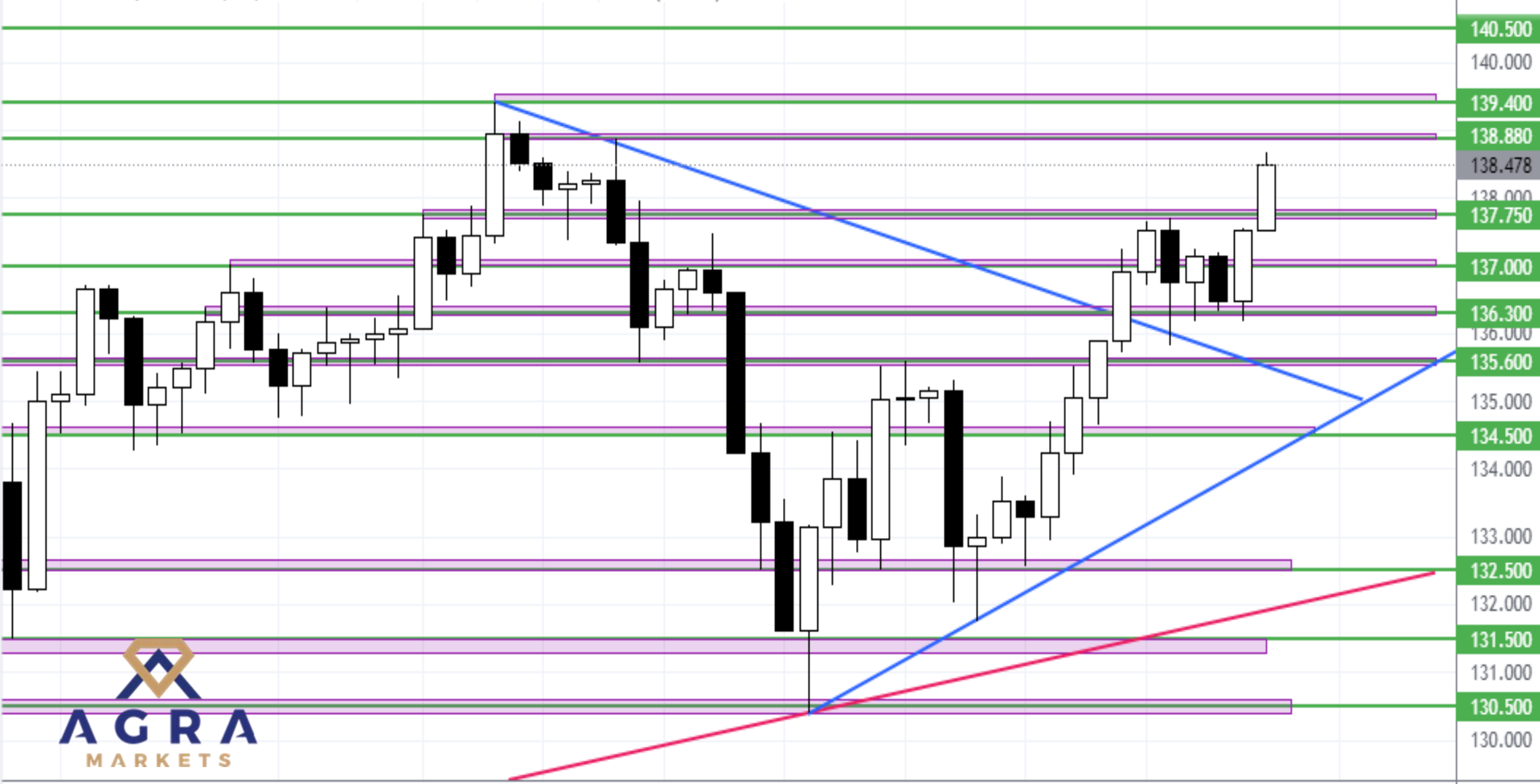
USDJPY

- USD/JPY takes the bids to renew intraday high around 138.66 during Monday's Asian session. In doing so, the yen pair takes clues from the firmer Treasury yields, as well as the monetary policy divergence between the US Federal Reserve (Fed) and the Bank of Japan (BOJ), to keep buyers directed towards the yearly high marked in July.
- That said, after Fed Chairman Jerome Powell said, "Restoring price stability will take some time, require using central bank's tools 'forcefully'," during his much-awaited Jackson Hole speech. The policymaker also stated that restoring price stability will likely require maintaining a restrictive policy stance for 'some time'. On the other hand, BOJ Governor Haruhiko Kuroda mentioned that the central bank will likely continue with its accommodative policy in Japan, per Reuters.
- A clear upside break of the 138.88 resistance appears necessary for the USD/JPY bulls to approach the yearly high near 139.40. Meanwhile, the August 23 high around 137.75 and the 137.00 level, restrict the short-term downside of the yen pair.



U.S. Dollar / Japanese Yen, 1D, O137.528 H138.660 L137.528 C138.478 +0.950 (+0.69%)

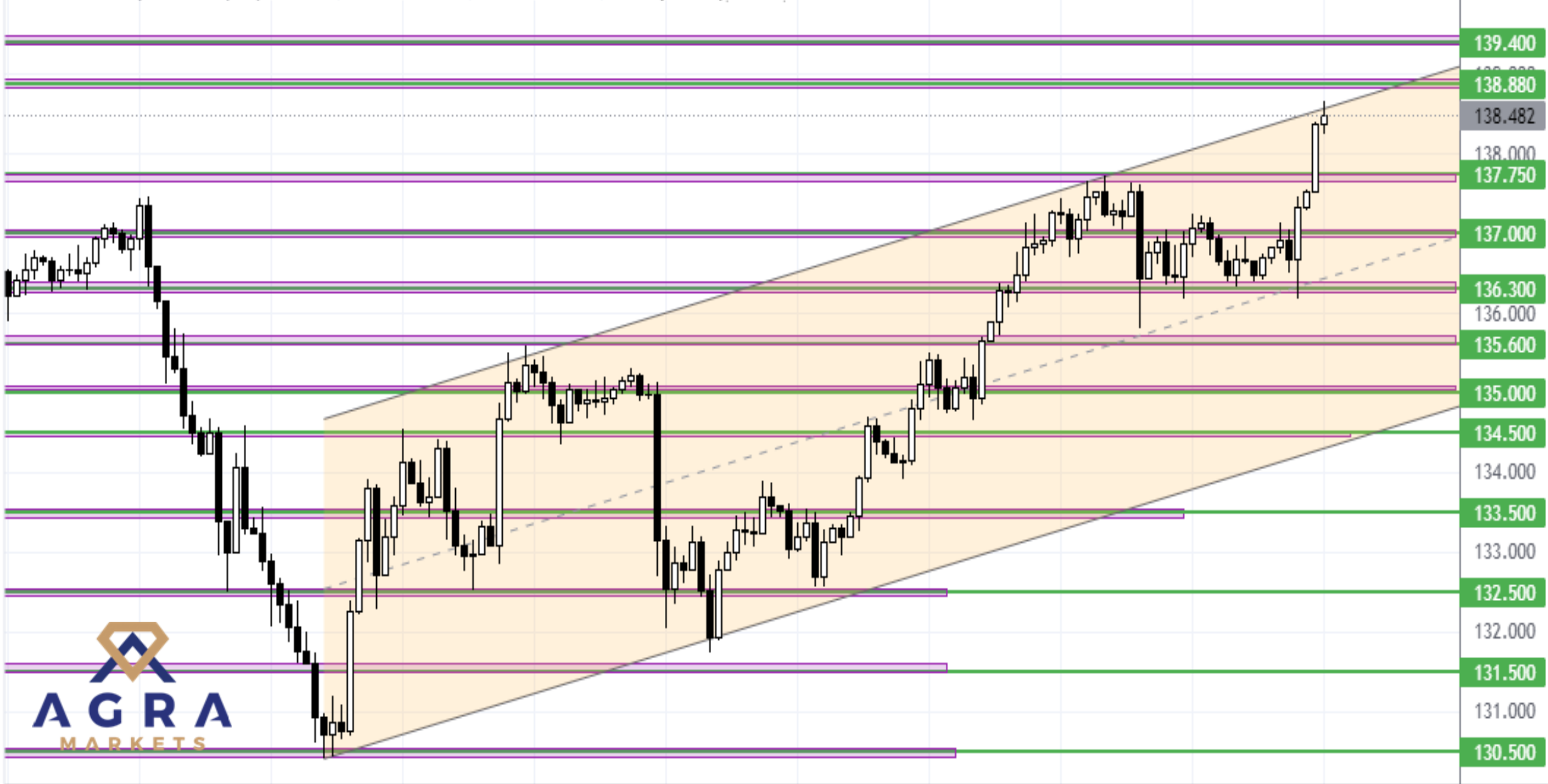
JPY



20 Jul 11 18 25 Aug 8 15 22 Sep

U.S. Dollar / Japanese Yen, 4h, O138.383 H138.660 L138.254 C138.482 +0.099 (+0.07%)

JPY



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XAUUSD



FOREX



NG



ES



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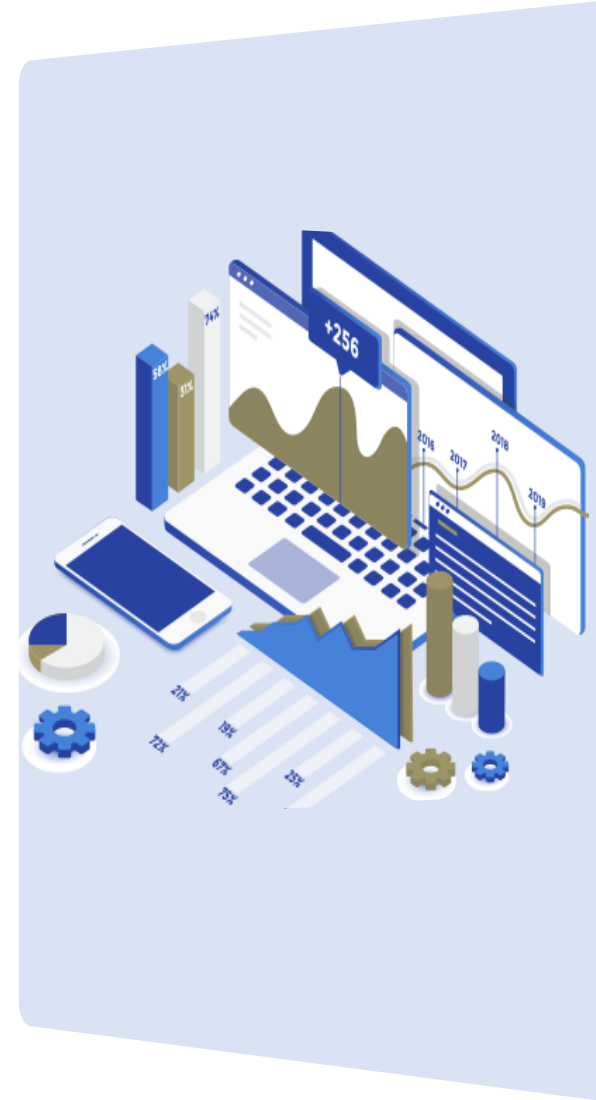
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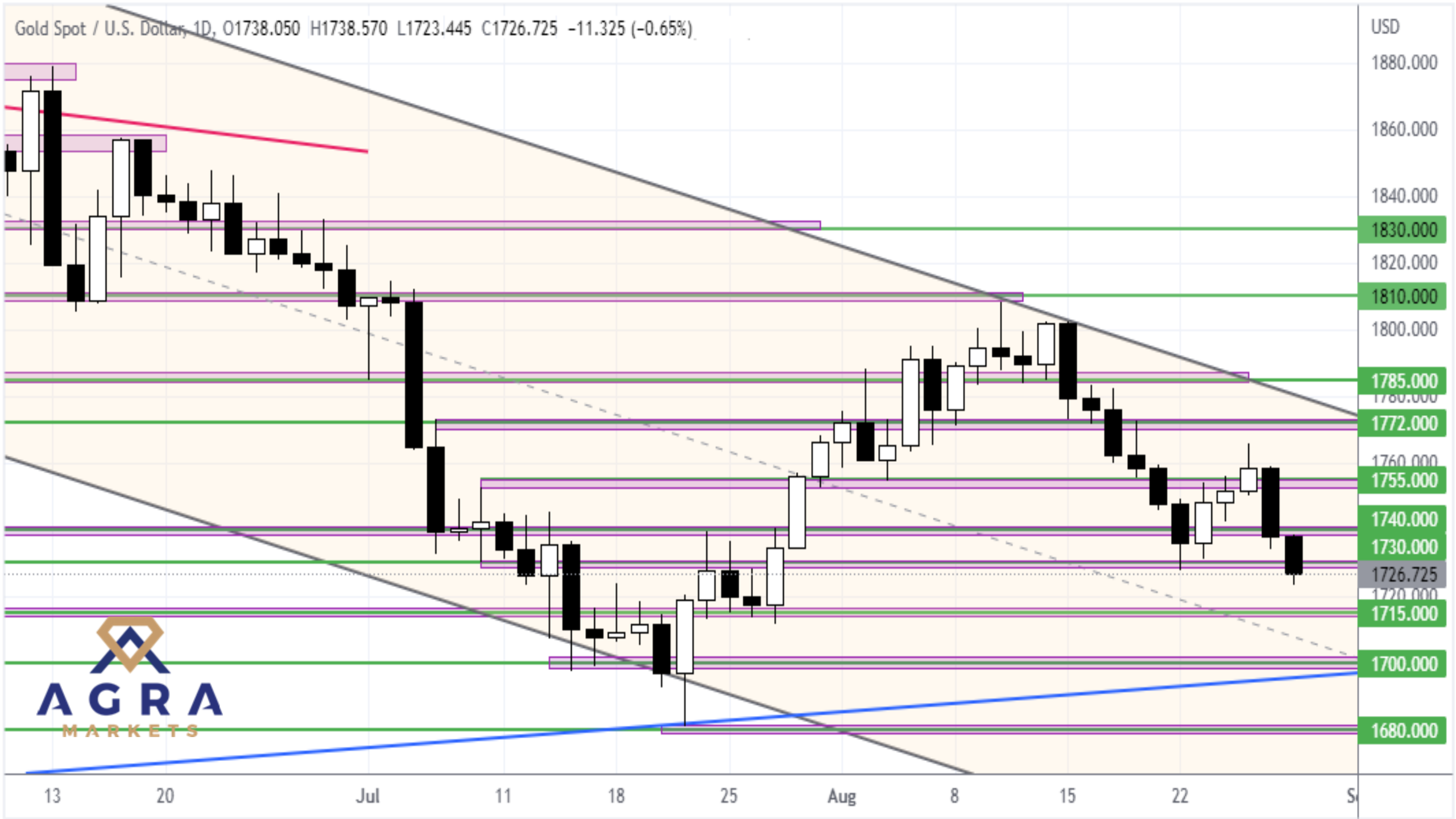


XAUUSD

- XAU/USD extends Friday's losses to renew its monthly bottom around \$1,723, as risk-aversion joins hawkish Fed bets to underpin the US dollar's rally towards the multi-year high.
- It should be noted that the US-China tussles over Taiwan, amid the latest chatters of vessels moving in Taiwan Strait, join Beijing's suspension of meat imports from an American firm to raise economic fears and challenge the market sentiment, which in turn weigh on XAU/USD.
- The bears are likely to drift Gold lower to \$1,715, followed by the round level of \$1,700. Meanwhile the support-turned-resistance of \$1,730 will restricts the short term upside of Gold. A breach of the latter will drive the asset towards July 22 high.



Gold Spot / U.S. Dollar, 1D, O1738.050 H1738.570 L1723.445 C1726.725 -11.325 (-0.65%)



Gold Spot / U.S. Dollar, 4h, O1734.610 H1734.610 L1723.445 C1726.905 -7.705 (-0.44%)

USD
1800.000
1790.000
1785.000
1780.000
1772.000
1770.000
1760.000
1755.000
1750.000
1740.000
1730.000
1726.905
1720.000
1715.000
1710.000
1700.000



13:00 Aug 13:00 8 13:00 15 13:00 22 13:00 29



S&P

+

+



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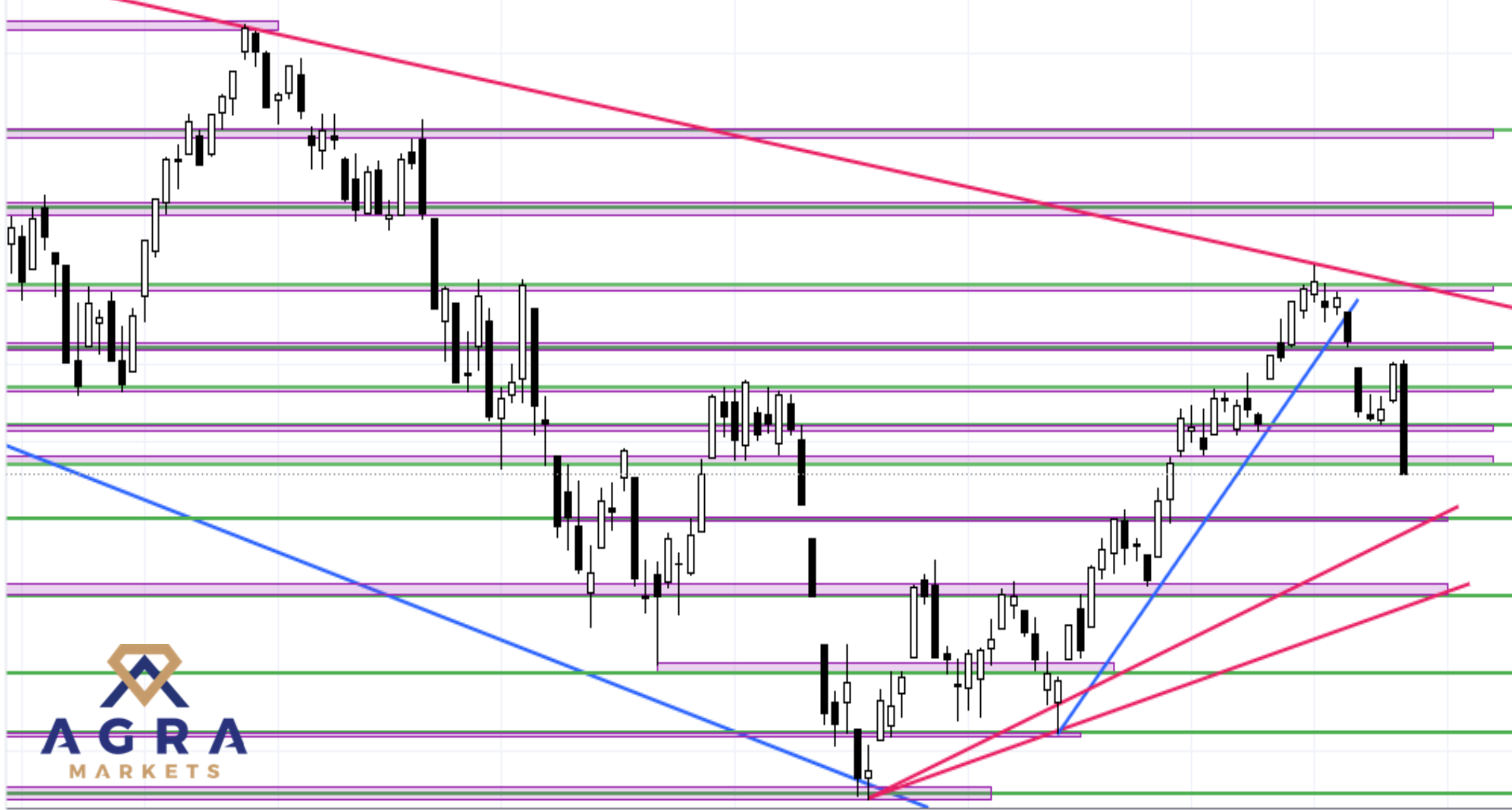
S&P

- US stocks tumbled Friday after Federal Reserve Chair Jerome Powell's hawkish speech at the Jackson Hole conference in Wyoming. Technology and consumer discretionary led the decliners, with all sectors in the red.
- The S&P 500 lost 3.4% to 4,057.66. The index is expected to direct towards 4,000, followed by late July swing low around 3,900. Meanwhile, the resistance of 4,070 restricts the short term upside of S&P500 ahead of testing August 24 low surrounding 4,120.
- In company news, Amazon.com AMZN will probably not acquire Electronic Arts EA, CNBC reported, citing unnamed sources, quashing earlier media reports the e-commerce giant was all set to mount a bid. Shares of Electronic Arts jumped 3.6%, the top performer on the S&P 500 and the Nasdaq 100, while Amazon's stock fell 4.8%.



S&P 500 Index, 1D, O4198.74 H4203.04 L4057.66 C4057.66 -141.45 (-3.37%)

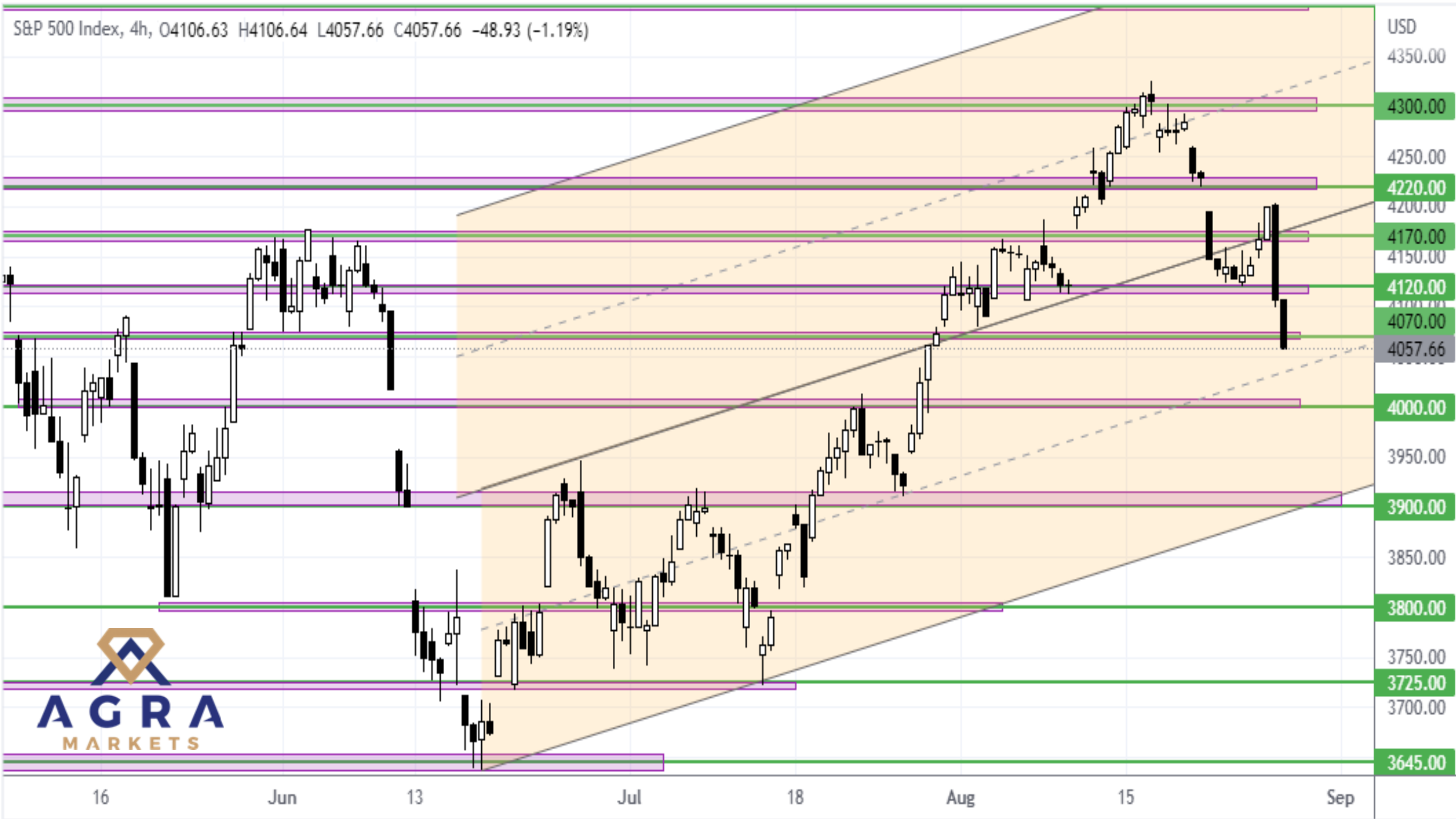
USD
4600.00
4500.00
4400.00
4300.00
4220.00
4170.00
4120.00
4070.00
4057.66
4000.00
3900.00
3800.00
3725.00
3700.00
3645.00



Mar 16 Apr May Jun Jul Aug 16 Sep

S&P 500 Index, 4h, O4106.63 H4106.64 L4057.66 C4057.66 -48.93 (-1.19%)

USD
4350.00
4300.00
4250.00
4220.00
4200.00
4170.00
4150.00
4120.00
4070.00
4057.66
4000.00
3950.00
3900.00
3850.00
3800.00
3750.00
3725.00
3700.00
3645.00



16 Jun 13 Jul 18 Aug 15 Sep



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