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Market News

20/12/2022

NEWS

- Following the December policy meeting, the BOJ announced that they will allow the 10-year JGB yield to fluctuate between -0.5% and 0.5%, compared to -0.25% and 0.25% previously, and noted that they will review the yield curve control operation. That triggered an immediate spike in the yen with the greenback dropping 2.71% after the decision to 133.16.
- The US economy remains on course to fall into a "modest" recession starting in the first quarter of 2023, Fannie Mae said Monday. Gross domestic product is now seen falling 0.5% next year, compared with a 0.6% drop previously expected, according to Fannie Mae's economic and strategic research group. The Federal Reserve's interest-rate increases to combat high inflation have fueled concerns about a recession.
- The 10-year US Treasury bond yield rises toward 3.7% and US stock index futures are down between 0.6% and 1%.Key developments that could influence markets on Tuesday: Economic events: Germany producer prices for November, U.S. building permits and housing starts.

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EURUSD

MetaTrader4

EURUSD

- EUR/USD has witnessed selling pressure, retreating from an intraday high at 1.0650 during early Tuesday morning in Europe. European Central Bank (ECB) policymaker and Germany’s central bank head Joachim Nagel said in an interview with Stern on Tuesday, the “central bank is still a long way from hitting its inflation goal.” Nagel noted, “inflation is persistent and thus the European Central Bank must also be persistent on rates.”

- Technically, the pair’s inability to oversteps above the resistance of 1.0650 keeps the EUR/USD bears hopeful to break the level of 1.0600 and pull the asset towards December 07 high at 1.0550. On the contrary, should the main pair rise above the 1.0650 resistance, it will surge to April 14 low at 1.0750.

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Euro / U.S. Dollar, 1D, O1.06077 H1.06524 L1.05977 C1.06121 +0.00044 (+0.04%)
USD
1.08000
1.07500
1.07000
1.06500
1.06121
1.06000
1.05500
1.05000
1.04500
1.04000
1.03000
1.02000
1.01000
1.00000
0.99000
0.98000
0.97000
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
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Euro / U.S. Dollar, 4h, O1.06054 H1.06517 L1.06023 C1.06130 +0.00076 (+0.07%)
USD
1.07500
1.07000
1.06500
1.06130
1.06000
1.05500
1.05000
1.04500
1.04000
1.03500
1.03000
1.02500
7
14:00
14
14:00
21
14:00
28
Dec
6
12
14:00
19
14:00
AGRA
MARKETS

GBPUSD

MetaTrader4

GBPUSD

- GBP/USD sellers attack previous day's low as it drops to 1.2130 heading into Tuesday’s London open. The hawkish Fed outlook and downbeat US economic data-induced recession fears continue to keep investors on the edge. Meanwhile, the continued widening policy divergence between the US Federal Reserve (Fed) and the Bank of England (BoE) adds to the vulnerability in the GBP/USD pair.

- A sustained weakness below the 4-hour red uptrend line will reaffirm the negative bias and pave the way for additional losses. Cable could then accelerate the fall towards November 15 high at 1.2030. Meanwhile, the 1.2150 level will restrict the short-term upside of the main pair ahead of challenging December 06 high at 1.2270.

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British Pound / U.S. Dollar, 1D, O1.21452 H1.22237 L1.21249 C1.21319 -0.00133 (-0.11%)
USD
1.24500
1.23300
1.22700
1.21500
1.21319
1.20300
1.19500
1.18000
1.16000
1.14000
1.12000
1.10000
1.08000
1.06000
15
Jul
18
Aug
15
Sep
19
Oct
17
Nov
15
Dec
19
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British Pound / U.S. Dollar, 4h, O1.21526 H1.22235 L1.21249 C1.21331 −0.00195 (−0.16%)
USD
1.24500
1.24000
1.23300
1.23000
1.22700
1.22000
1.21500
1.21331
1.21000
1.20300
1.20000
1.19500
1.19000
1.18000
1.17000
1.16000
14:00
14
14:00
21
14:00
28
Dec
6
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14:00
19
14:00
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USDJPY

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USDJPY

- USD/JPY has dropped below 134.00 following the Bank of Japan's policy tweak. The BOJ will expand the range of 10-year Japan government bond yield fluctuations from its current plus and minus 0.25 percentage points to plus and minus 0.5 percentage points, stated Reuters. That said, the BOJ held its benchmark rate unchanged at -0.10% while keeping the short-term interest rate target at -0.1% while directing 10-year Japanese Government Bond (JGB) yields toward zero.

- The bears could aim for August 15 low around 132.50 during further fall. A breach of the latter will drag the asset towards June 16 low at 131.50, followed by August 02 low at 130.40. Alternatively, Alternatively, a decisive move above 134.00 will send the asset towards the swing low of December 19 surrounding 135.50.

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U.S. Dollar / Japanese Yen, 1D, O136.912 H137.478 L133.102 C133.263 −3.650 (−2.67%)
JPY
150.000
148.000
146.000
144.000
142.000
140.000
138.000
136.000
135.500
134.000
133.263
132.500
131.500
130.400
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
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U.S. Dollar / Japanese Yen, 4h, O137.280 H137.421 L133.102 C133.287 −3.994 (−2.91%)
JPY
146.000
144.000
142.000
140.000
138.000
136.000
135.500
134.000
133.287
132.500
7
14:00
14
14:00
21
14:00
28
Dec
6
12
14:00
19
14:00
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XAUUSD

MetaTrader4

XAUUSD

- Gold price managed to edge higher and reclaimed $1,790 early Tuesday despite rising US Treasury bond yields, although lingering worries about further interest rate hikes from the U.S. Federal Reserve kept the non-yielding bullion's gains in check.

- The BOJ's announcement surprised markets during thin trade, and as a result gold has sucked up safe-haven flows after the dollar weakened, said Matt Simpson, a senior market analyst at City Index. However, "the prospects of a higher terminal Fed rate could prevent gold enjoying a runaway rally next year".

- Gold has displayed a correction to the broken lower band of 4 hour bullish channel but it's being traded above the level of $1,785 yet. Should the asset drop below the daily upward sloping support line at $1,785, the precious metal will reduced to December 05 low around $1,765. Meanwhile, the resistance of $1,805 will restricts the immediate upside of Gold ahead of directing the bulls towards $1,820.

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Gold Spot / U.S. Dollar, 1D, O1787.715 H1796.175 L1784.695 C1790.665 +2.950 (+0.17%)
USD
1840.000
1820.000
1805.000
1790.665
1785.000
1765.000
1740.000
1730.000
1720.000
1700.000
1680.000
1660.000
1640.000
1620.000
Jul
18
Aug
15
Sep
19
Oct
17
Nov
14
Dec
19
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Gold Spot / U.S. Dollar, 4h, O1786.710 H1796.175 L1785.320 C1790.395 +3.685 (+0.21%)
USD
1820.000
1805.000
1800.000
1790.395
1785.000
1780.000
1765.000
1760.000
1740.000
1730.000
1720.000
1700.000
1680.000
1660.000
7
14:00
14
14:00
21
14:00
28
Dec
6
12
14:00
19
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S&P

MetaTrader4

S&P

- U.S. stock indexes fell on Monday, led by shares of Tesla and other megapcap companies, as investors feared that the Federal Reserve's monetary policy tightening campaign could push the U.S. economy into a recession.

- The S&P index recorded five new 52-week highs and 15 new lows. It seems that the bears are driving the asset towards the target of double top pattern at 3,745. A breach of the latter will extend losses to June 17 low around 3,640. Meanwhile, pullback moves will be limited by the resistance of 3,850 and 3,918.


S&P 500 Index, 1D, O3853.79 H3854.86 L3800.04 C3817.65 -34.70 (-0.90%)
USD
4500.00
4400.00
4300.00
4180.00
4100.00
4030.00
4000.00
3918.00
3850.00
3817.65
3745.00
3700.00
3640.00
3600.00
3500.00
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
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S&P 500 Index, 4h, O3827.43 H3827.99 L3800.04 C3817.65 -9.82 (-0.26%)
USD
4100.00
4050.00
4030.00
4000.00
3950.00
3918.00
3900.00
3850.00
3817.65
3800.00
3745.00
3700.00
3640.00
3600.00
3550.00
3500.00
23
Sep
12
20
Oct
17
Nov
14
Dec
12
20
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