

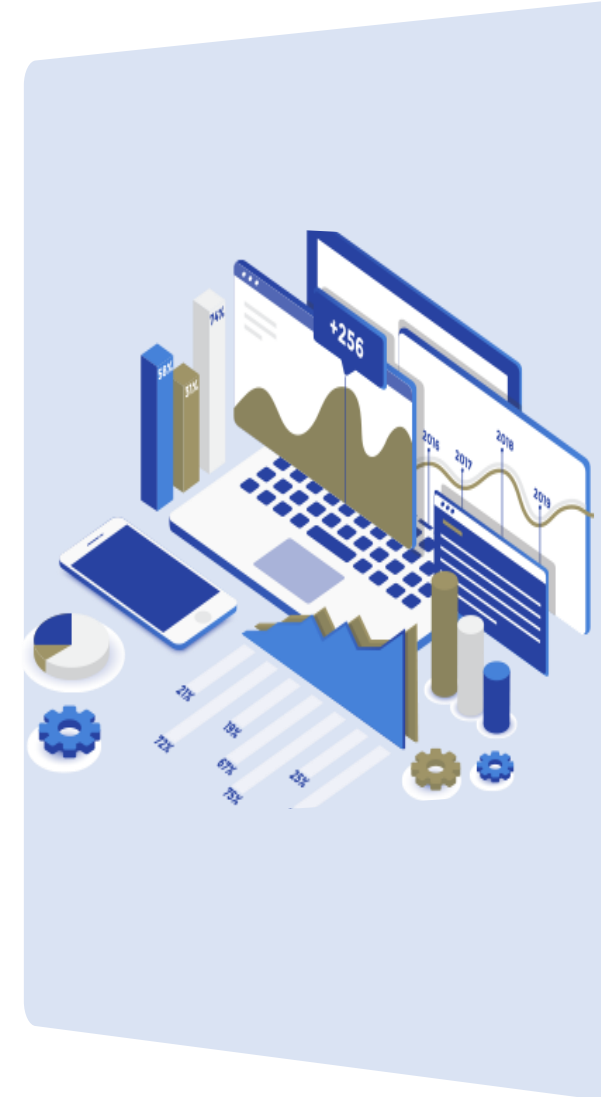


Market Analysis

07/02/2023

NEWS ANALYSIS

- The dollar eased on Tuesday from its rally at the start of the week, but hovered near a one-month peak as traders raised their forecasts of U.S. Federal Reserve interest rate levels needed to tame inflation.
- Market participants will be keenly watching Powell's speech to see if he sounds hawkish after last week's stunning jobs data.
- In global markets, the dollar hovered near a one-month peak as traders raised their forecasts of U.S. Federal Reserve interest rate levels needed to tame inflation, as a stubbornly resilient labor market remains largely immune to aggressive rate hikes.
- With the Fed taking on a data-dependent stance to guide its monetary policies, the risks of a hawkish reaction from policymakers to recent economic data remains on the table.
- Key developments that could influence markets on Tuesday: Speakers: Bank of England's Huw Pill, ECB's Peter Kazimir and Klaas Knot and Fed Chair Powell.





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EURUSD

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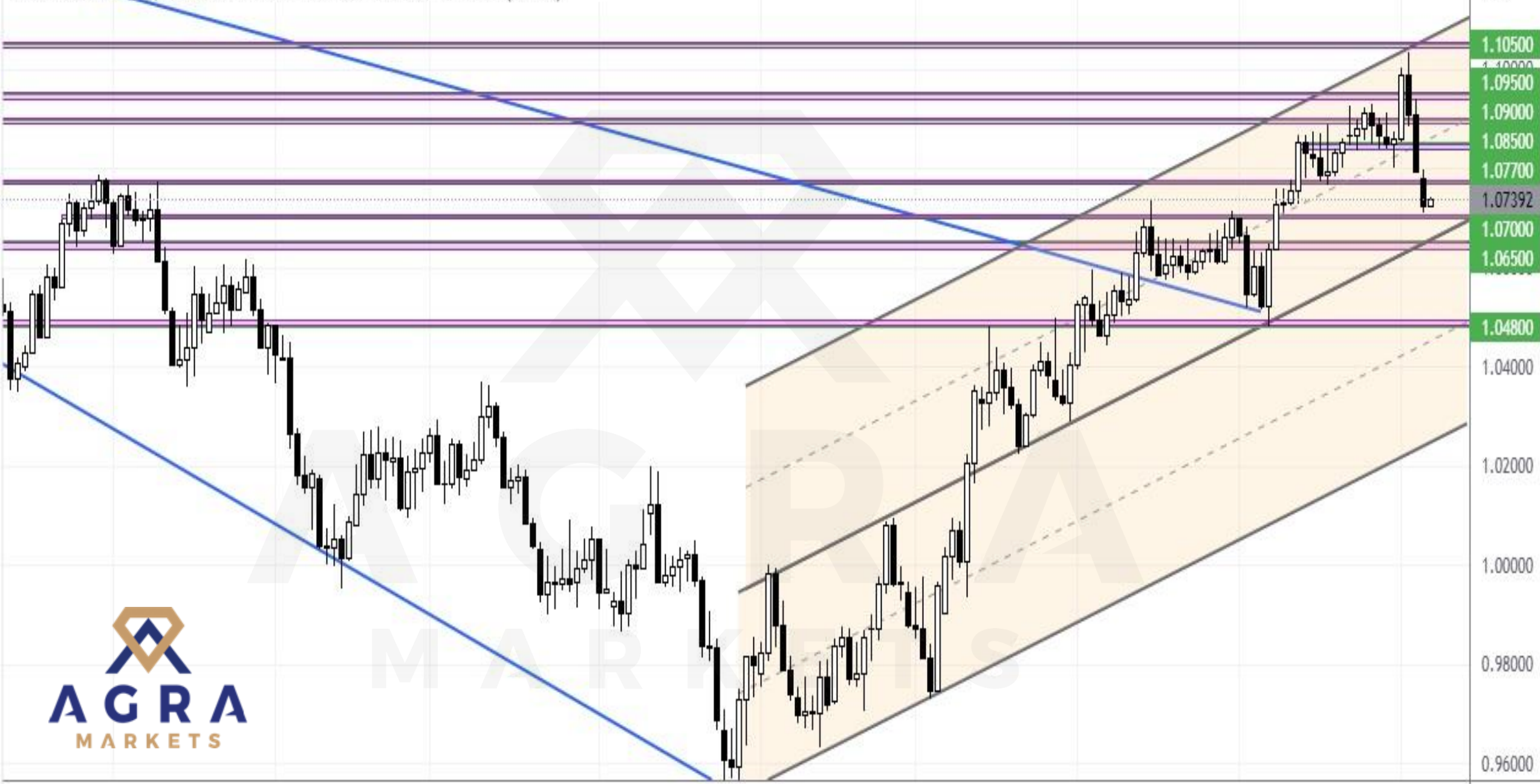
EURUSD

- EUR/USD bears take a breather around 1.0739 during early Tuesday after three consecutive days of falling.
- On Monday, European Central Bank (ECB) policymaker Robert Holzmann said that the risk of doing too little dwarfs the risk of the over-tightening policy.
- Talking about the data, the Eurozone Sentix Investor Confidence index improved further to -8.0 in February from -17.5 in January vs. -12.8 expected. On the same line, Eurozone Retail Sales arrived at -2.8% YoY in January vs. -2.7% expected and -2.5% prior. Furthermore, German Factory Orders growth jumped to 3.2% MoM following an upwardly revised 4.4% fall in December and 2.2% market forecasts.
- A less-confident pullback move to the resistance of 1.0770 will activate a bargain sell. An occurrence of the same will drag the asset towards 1.0700, followed by January 05 high of 1.0650. On flip side, a clear upside break of the resistance of 1.0770 will send the main pair towards 1.0850.



Euro / U.S. Dollar, 1D, O1.07253 H1.07426 L1.07204 C1.07392 +0.00139 (+0.13%)

USD



Jun Jul Aug Sep Oct Nov Dec 2023 Feb

Euro / U.S. Dollar, 4h, O1.07410 H1.07422 L1.07360 C1.07396 -0.00014 (-0.01%)



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GBPUSD

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GBPUSD

- GBP/USD consolidates recent losses while picking up bids to 1.2050 during early Tuesday morning in Europe.
- “British central bank was prepared to do more to get inflation back to target,” said Bank of England (BoE) Chief Economist Huw Pill on Monday per Reuters. The news also states that the BoE suggested last week that interest rates were approaching their peak.
- The major is expected to extend its downside journey to the upwards sloping support line near 1.1950 after completing its correction to the resistance of 1.2050. On the contrary, a sustained move above the 1.2050 level will send cable to the resistance of 1.2150.



British Pound vs. U.S. Dollar, 1D, 01.20175 H1.20553 L1.20132 C1.20488 +0.00313 (+0.26%)

USD



Jun Jul Aug Sep Oct Nov Dec 2023 Feb

British Pound / U.S. Dollar, 4h, O1.20519 H1.20546 L1.20439 C1.20511 -0.00008 (-0.01%)





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USDJPY

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FOREX



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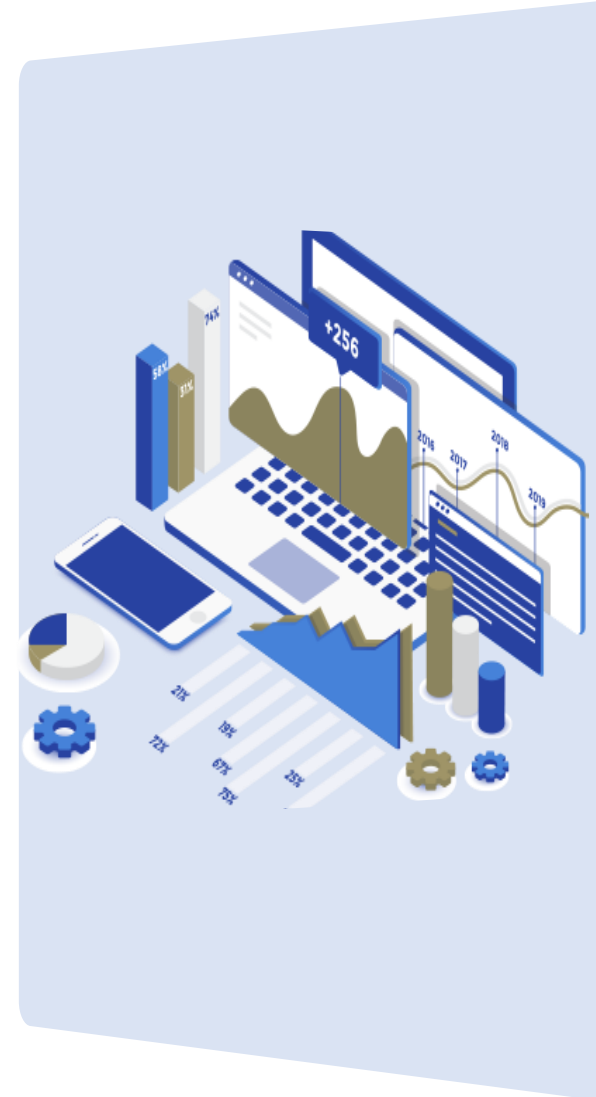


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USDJPY

- The USD/JPY pair is displaying a minor correction heading into the European open after a two-day positive move.
- The stronger-than-expected Japanese Labor Cash Earnings indicate that wage inflation is effectively increasing and could propel the overall inflation ahead. The economic data has increased by 4.8%, higher than the consensus of 0.9% and the former release of 0.5%.
- Meanwhile, a report from Reuters claims “the Bank of Japan's (BoJ) aggressive market operations to defend its policy band for yields has not only sapped liquidity in the government bond market but also drastically limited the scope for speculation in bond futures.”
- The bulls are likely to push the asset higher to the downward sloping resistance line near 133.60. On the other hand, in case of breaking the support of 131.50, price will be reduced to the middle band of bullish channel near 130.40.



U.S. Dollar / Japanese Yen, 1D, O132.632 H132.712 L132.137 C132.173 -0.459 (-0.35%)

JPY



- 133.600
- 132.500
- 132.173
- 131.500
- 130.400
- 129.500
- 128.500
- 127.500



Jun Jul Aug Sep Oct Nov Dec 2023 Feb

U.S. Dollar / Japanese Yen, 4h, O132.298 H132.384 L132.137 C132.188 -0.111 (-0.08%)

JPY



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XAUUSD

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XAUUSD

- Gold prices rose on Tuesday as the dollar pulled back slightly, with traders awaiting U.S. Federal Reserve Chair Jerome Powell's speech later in the day for hints about future rate hikes after last week's strong economic data.
- Despite another round of upmove in the dollar and yields, the downside in gold prices is more limited, which points to some attempts to stabilise after recent sell-off.
- While a higher dollar and rising bond yields are bearish indicators for gold, tensions between China and the United States after what was characterized as a Chinese spy balloon that flew over the United States was shot down over the Atlantic by a US fighter jet supported the metal.
- A range move has been displayed by Gold after a sheer downside move. Some follow-through selling below the support of \$1,860 will reaffirm the negative bias and pave the way for additional losses. The precious metal might then accelerate the downfall back towards \$1,830. Alternatively, a clear upside break of the resistance of \$1,880, enables the buyers to aim for the level of \$1,900.



Gold Spot / U.S. Dollar, 1D, O1867.695 H1875.690 L1867.110 C1872.760 +5.065 (+0.27%)

USD



Jun Jul Aug Sep Oct Nov Dec 2023 Feb

Gold Spot / U.S. Dollar, 4h, O1873.625 H1875.690 L1871.770 C1872.860 -0.765 (-0.04%)

USD





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S&P
+



MetaTrader4



S&P

- Global equity markets fell and the dollar firmed on Monday after data showing a resilient U.S. jobs market suggested interest rates will stay higher for longer as central banks fight to slow inflation amid relatively strong economic growth. Most of the 11 major S&P 500 sector indexes were in the red, except for utilities and consumer staples.
- Government bonds, which typically perform well when there is a dash for safe havens, sold off under intense pressure. The benchmark 10-year Treasury (US10YTR) yield climbed to a one-month high of 3.655%.
- This year's rally in equities has been driven by hopes of a soft landing and lower inflation, but a strong labor market casts that outlook in doubt. Investors are going to have to come to grips with the fact that rates are going to stay higher for longer and it's still unlikely the Fed is going to cut rates this year.
- The asset is likely to find a bullish impulsive wave after completing its correction to the resistance-turned-support of 4,100, which could drag the index towards the last high at 4,200, followed by the 4,300 level. On the contrary, if the bears succeed in breaking the support of 4,100, they will target 4,030, followed by the broken long-term downtrend line at 3,950.



S&P 500 Index, 1D, O4119.57 H4124.63 L4093.38 C4111.07 -25.42 (-0.61%)

USD



Jun Jul Aug Sep Oct Nov Dec 2023 Feb

3500.00

3600.00

3700.00

3800.00

3900.00

3950.00

4000.00

4030.00

4100.00

4111.07

4200.00

4300.00

S&P 500 Index, 4h, O4109.32 H4121.87 L4099.85 C4111.07 +1.67 (+0.04%)

USD



4300.00

4200.00

4111.07

4100.00

4030.00

4000.00

3950.00

3900.00

3800.00

3700.00

3600.00



Oct

17

Nov

14

Dec

12

21

2023

23

Feb

11



Trading futures, options or foreign currencies involves the risk of loss. You may lose more than the amount originally invested and, in respect of these products traded on margin, you may have to pay additional funds later. You should not invest in such products unless satisfied that they are suitable for you.

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