



Market Analysis

27/02/2023

NEWS ANALYSIS

- The Dollar Index jumped 0.7% and will end the week up 1.3% at current levels, after a slew of strong U.S. economic data reinforced the view that the Federal Reserve will have to raise interest rates further and for longer. That would be its best week since September and its fourth straight week in the black.
- Data on Friday showed U.S. consumer spending rebounded sharply in January, while inflation accelerated. The personal consumption expenditures price index, the Fed's preferred gauge of inflation, shot up 0.6% last month after gaining 0.2% in December.
- Markets are back to inflation watching. Just as global economic growth worries ease and labour markets remain tight, price trends have become the main focus for investors. Whether (Fed) can maintain 25 basis point hike? Or will they be forced to re-accelerate the pace? Fed policymakers speaking on Friday did not push for a return to last year's jumbo rate hikes, suggesting that for now central bankers are content to stick to a gradual tightening path despite signs that inflation is not cooling as they had hoped.
- Key developments that could influence markets on Monday: Euro zone Feb consumer sentiment, Germany Feb CPI. Jan durables goods orders.





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EURUSD

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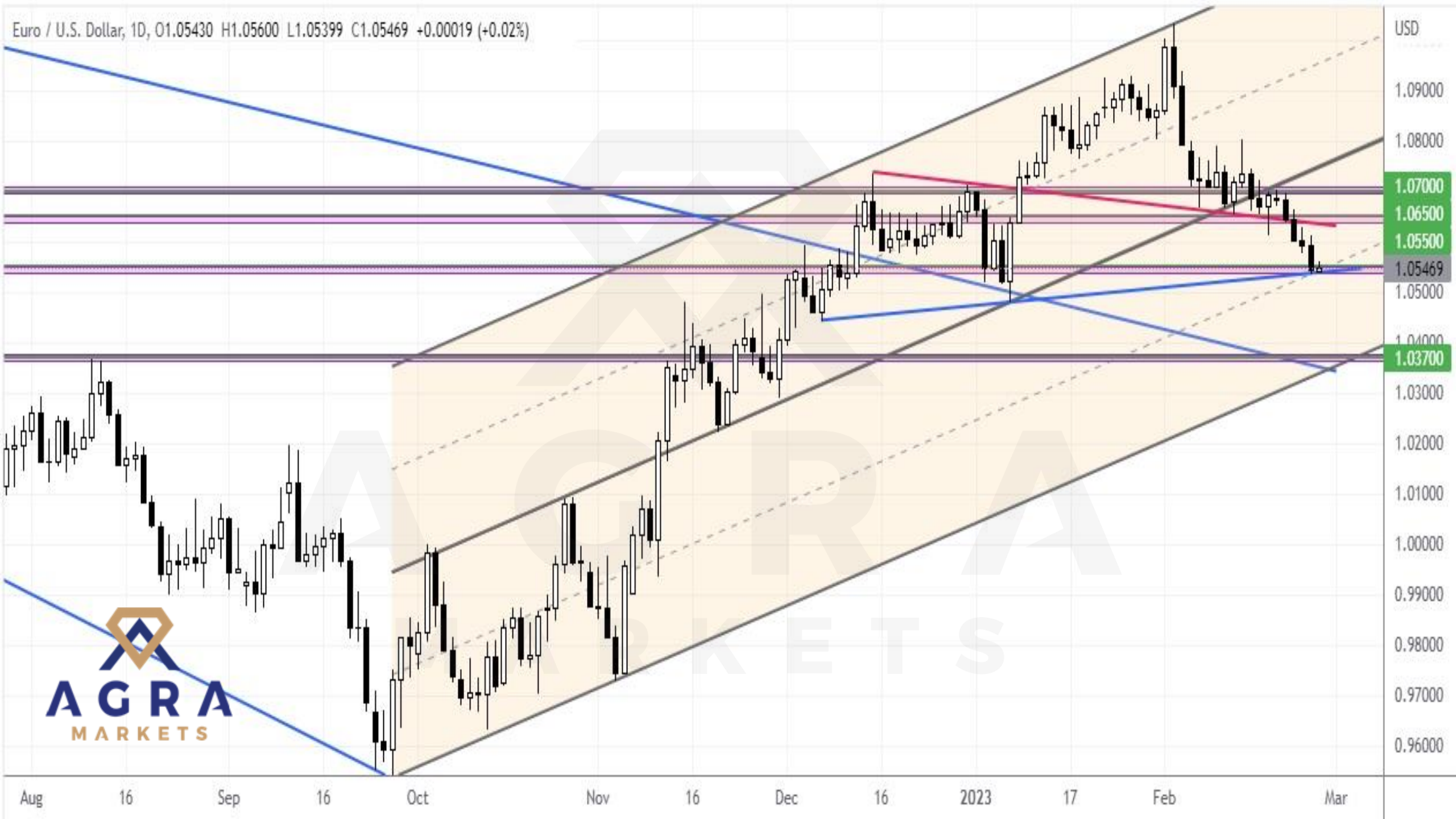


EURUSD

- EUR/USD is under pressure surrounding the seven-week low amid the lackluster markets heading into Monday's European session.
- It's worth observing that ECB President Christine Lagarde advocated the need for higher rates during the weekend while speaking to the Helsingin Sanomat. On the same line, ECB policymaker and Bundesbank Chief Joachim Nagel said on Friday, he "can't rule significant further rate hikes after March."
- The sellers need to conquer the support of 1.0500 to accelerate downfall towards the lower band of bullish channel near 1.0370. On the flip side, pound bulls could regain control if the asset oversteps the resistance 1.0650. This will drive the asset towards previous week's high around 1.0700.



Euro / U.S. Dollar, 1D, O1.05430 H1.05600 L1.05399 C1.05469 +0.00019 (+0.02%)



USD
1.09000
1.08000
1.07000
1.06500
1.05500
1.05469
1.05000
1.04000
1.03700
1.03000
1.02000
1.01000
1.00000
0.99000
0.98000
0.97000
0.96000

Aug 16 Sep 16 Oct 16 Nov 16 Dec 16 2023 17 Feb Mar

Euro / U.S. Dollar, 4h, O1.05592 H1.05599 L1.05399 C1.05455 -0.00137 (-0.13%)



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GBPUSD

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GBPUSD

- The GBP/USD pair is displaying back and forth moves around 1.1950, keeping last week's losses during early Monday.
- "British consumers have become more optimistic about their personal finances and the outlook for the economy, but their mood is a long way below where it was prior to the COVID-19 pandemic, market research firm GfK said on Friday," Reuters reported.
- Reuters has reported that "more than 60% of British businesses are optimistic about the country's economic growth in the medium term and their own revenues in the next few years, a survey showed on Monday, challenging some of the gloomy forecasts for the UK economy."
- Should the asset drop below previous week's low around 1.1927, the downward-sloping support line from Feb 07 low will challenge further losses before highlighting Jan 06 low of 1.1840. On the contrary, bulls need to crack the resistance of 1.2050 to aim for the red downtrend line surrounding 1.2150.



British Pound / U.S. Dollar, 1D, O1.19500 H1.19640 L1.19375 C1.19461 +0.00073 (+0.06%)



British Pound / U.S. Dollar, 4h, O1.19625 H1.19638 L1.19376 C1.19449 -0.00176 (-0.15%)

USD





+

USDJPY

+



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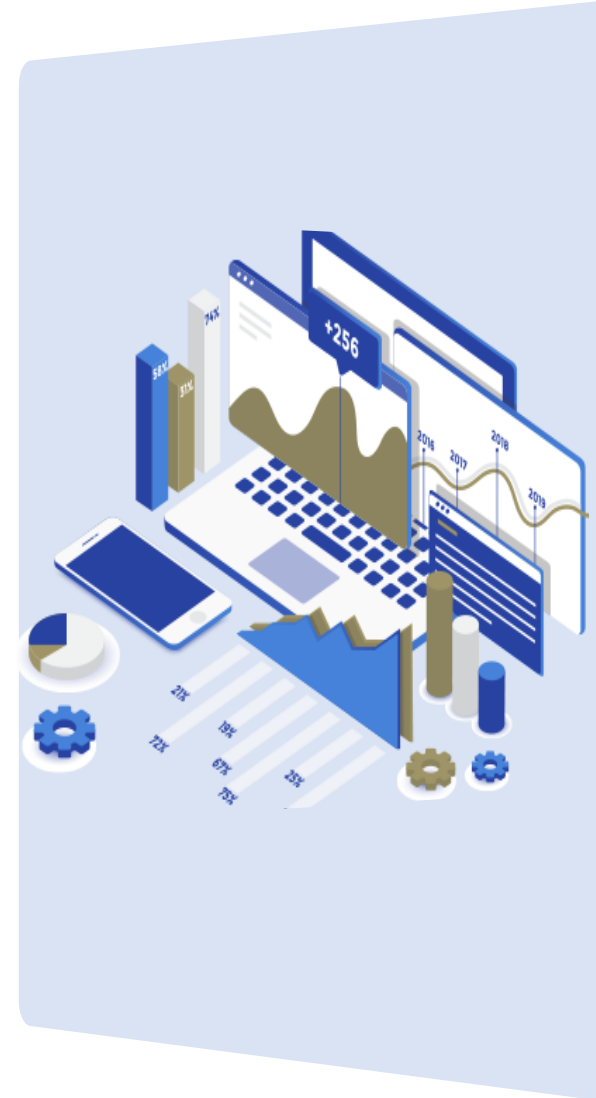


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USDJPY

- USD/JPY consolidates the biggest daily gains in three weeks as it renews its intraday low near 136.00 in the Monday's Asian session.
- That said, the US 10-year Treasury yields print mild losses around 3.93% while the two-year counterpart retreat from the highest levels since November 2022 as bond traders flirt with a 4.82% level at the latest.
- Previously, the easing hawkish concerns about incoming Governor Kazuo Ueda propelled the Yen pair. However, mixed comments from the Deputy Governor Nominees, namely Ryozo Himino and Shinichi Uchida, seemed to have probed the dovish bias surrounding the Japanese central bank afterwards.
- The bulls need to surpass the resistance of 136.50 to extend bullish move towards the upper band of duplicated bullish channel near 138.00. Meanwhile, the support of 135.50 will limit further downside of ninja.



U.S. Dollar / Japanese Yen, 1D, O136.492 H136.563 L136.004 C136.306 -0.186 (-0.14%)



Sep 19 Oct 17 Nov 15 Dec 15 2023 16 Feb 15 Mar

JPY
148.000
146.000
144.000
142.000
140.000
138.000
136.500
136.306
135.500
134.500
134.000
133.000
132.000
130.000
128.000

U.S. Dollar / Japanese Yen, 4h, O136.135 H136.450 L136.004 C136.304 +0.169 (+0.12%)





XAUUSD



MetaTrader4

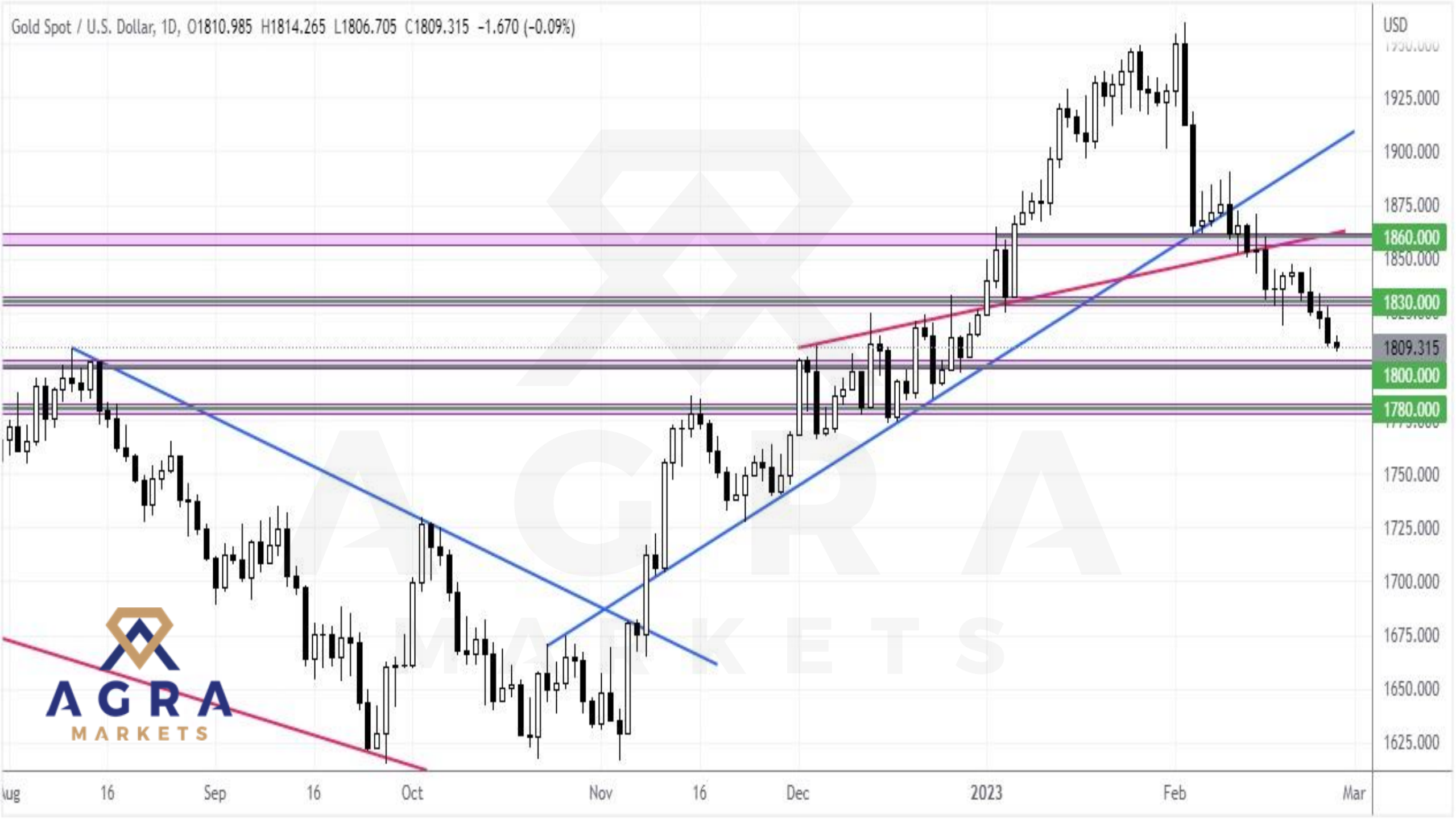


XAUUSD

- Gold prices continue to be decimated by a rallying USD after US core PCE data left XAU/USD floundering. Inflation and more specifically core inflation has been plaguing gold prices of recent due to a hawkish repricing of Fed rate hikes which now stand at a 5.382% peak rate in 2023. “Sticky” inflation has been raising the probability of a 50bps increment for March; however, consensus remains at 25bps for now.
- The precious metal hit their highest since April 2022 earlier this month, but have since lost about \$150 after a slew of U.S. data pointed to a resilient economy and a tight labour market. Gold is seen as a hedge against inflation, but rising rates dull its appeal by increasing the opportunity cost of holding the non-yielding asset.
- Bears jumped back into the game after meeting stiff resistance at \$1,830 and the asset is on the way to the \$1,800 level. A breakout of this support is in favor of sellers to drop the asset to the level of \$1,780. On the flip side, bulls could regain control if the asset oversteps the downtrend line confidently. An occurrence of the same will drive the asset towards \$1,860.



Gold Spot / U.S. Dollar, 1D, O1810.985 H1814.265 L1806.705 C1809.315 -1.670 (-0.09%)



USD
1900.000
1925.000
1900.000
1875.000
1860.000
1850.000
1830.000
1809.315
1800.000
1780.000
1775.000
1750.000
1725.000
1700.000
1675.000
1650.000
1625.000

Aug 16 Sep 16 Oct Nov 16 Dec 2023 Feb Mar

Gold Spot / U.S. Dollar, 4h, O1813.970 H1814.030 L1806.705 C1809.535 -4.435 (-0.24%)



16 14:00 23 26 Feb 6 14:00 13 14:00 20 23

USD
1960.000
1940.000
1920.000
1900.000
1880.000
1860.000
1840.000
1830.000
1820.000
1809.535
1800.000
1780.000



S&P

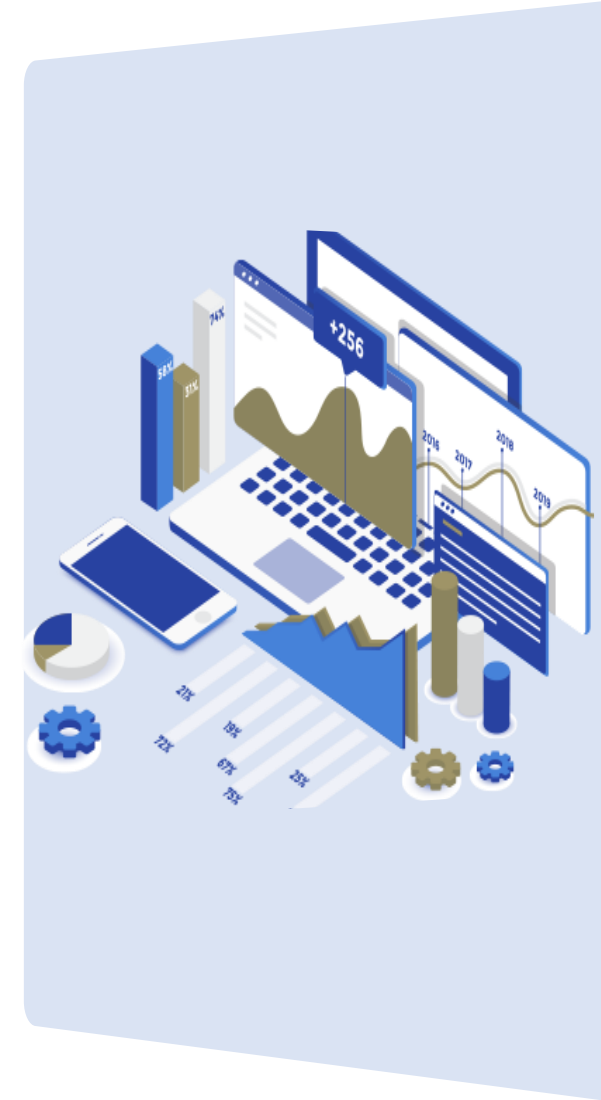


MetaTrader4



S&P

- Wall Street's main indexes tumbled on Friday, on course for their worst weekly performance of the year, as data signaling strong consumer spending and inflation sparked worries that the Federal Reserve will stick to its hawkish stance for longer.
- S&P 500 trimmed a part of losses after hitting to the uptrend line and finally closed with 1.05% loss at 3,970.05. All the 11 major S&P sectors fell, with technology (.SPLRTC) and consumer discretionary indexes leading losses.
- Sustained weakness below the 3,950 support will pave the way for a sharp fall towards the lower band of bullish channel near 3,860. On the flip side, the resistance of 4,000 seems to act as an immediate resistance, which, if cleared, might trigger a short-covering bounce. An occurrence of the same will drive the index towards 4,050, followed by the downtrend line at 4,100.



S&P 500 Index, 1D, O3973.24 H3978.25 L3943.08 C3970.05 -42.28 (-1.05%)



USD
4200.00
4150.00
4100.00
4050.00
4000.00
3970.05
3950.00
3900.00
3860.00
3800.00
3750.00
3700.00
3650.00
3600.00
3550.00
3500.00

Sep 19 Oct 17 Nov 14 Dec 19 2023 17 Feb 14 Mar

S&P 500 Index, 4h, O3957.48 H3978.25 L3951.64 C3970.05 +12.57 (+0.32%)





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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