



*Market Analysis*

07/03/2023

# NEWS ANALYSIS

- The dollar index was subdued around 104.2 on Tuesday as investors cautiously awaited Federal Reserve Chair Jerome Powell's congressional testimony on Tuesday and Wednesday for further guidance on the central bank's tightening plans.
- Powell would likely express heightened concern about inflation but would probably stop short of raising expectations for a 50 basis point rate increase on March 22. After delivering significant rises last year, the Fed raised interest rates by 25 basis points at its past two meetings, but resilient economic data throughout February stoked fears of the central bank going back to bigger steps. We will be looking for clues on how extended this hiking cycle may be, how high terminal rates may go and whether the magnitude of hike will increase.
- Key developments that could influence markets on Tuesday: European economic data: ECB consumer expectations survey, UK BRC Feb retail sales, Halifax house prices. Speakers: Fed chief Jerome Powell delivers semi-annual monetary policy testimony - 1500 GMT. U.S. economic data: January wholesale trade sales, consumer credit.







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# EURUSD

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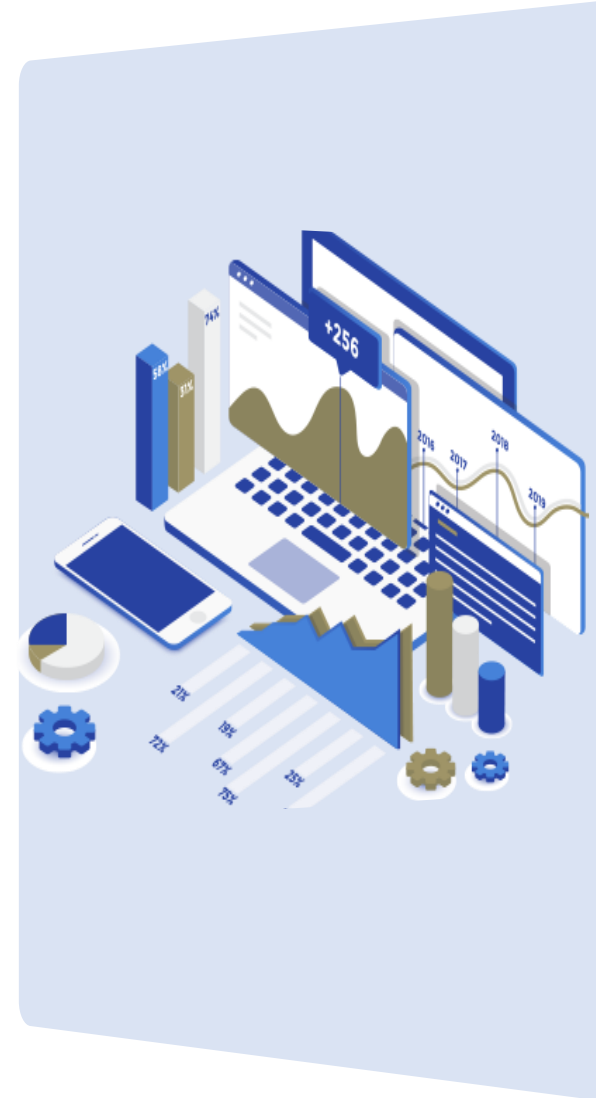


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# EURUSD

- EUR/USD grinds higher near previous week's high at 1.0690 after breaking the downtrend line on Monday.
- The Eurozone Sentix Investor Confidence index worsens to -11.1 in March from -8.0 in February and -8.6 expected. Further, the Current Situation in the Eurozone improved to -9.3 during the stated month, from -10.0 prior, whereas the Expectations Index tumbled to -13.0 from -6.0 in February. Eurozone Retail Sales grew by 0.3% MoM in February versus 1.0% expected and -1.6% prior while the YoY figures suggest the bloc's Retail Sales arrived at -2.3% in February versus -2.8% seen in January and the 1.9% consensus forecast, per the official figures released by Eurostat showed on Monday.
- A clear break of the 1.0700 resistance, directs EUR/USD bulls towards Feb 14 high, around 1.0800. The upper band of 4-hour bullish channel, however, could lead a short-term correction of the main pair. On the contrary, the sellers need a sustained move below the support of 1.0550 to retake control.





Euro / U.S. Dollar, 1D, O1.06789 H1.06927 L1.06752 C1.06905 +0.00116 (+0.11%)



Jul

Aug

Sep

Oct

Nov

Dec

2023

Feb

Mar

Euro / U.S. Dollar, 4h, O1.06864 H1.06927 L1.06845 C1.06907 +0.00043 (+0.04%)



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

USD  
1.10000  
1.09500  
1.09000  
1.08500  
1.08000  
1.07500  
1.07000  
1.06907  
1.06500  
1.06000  
1.05500





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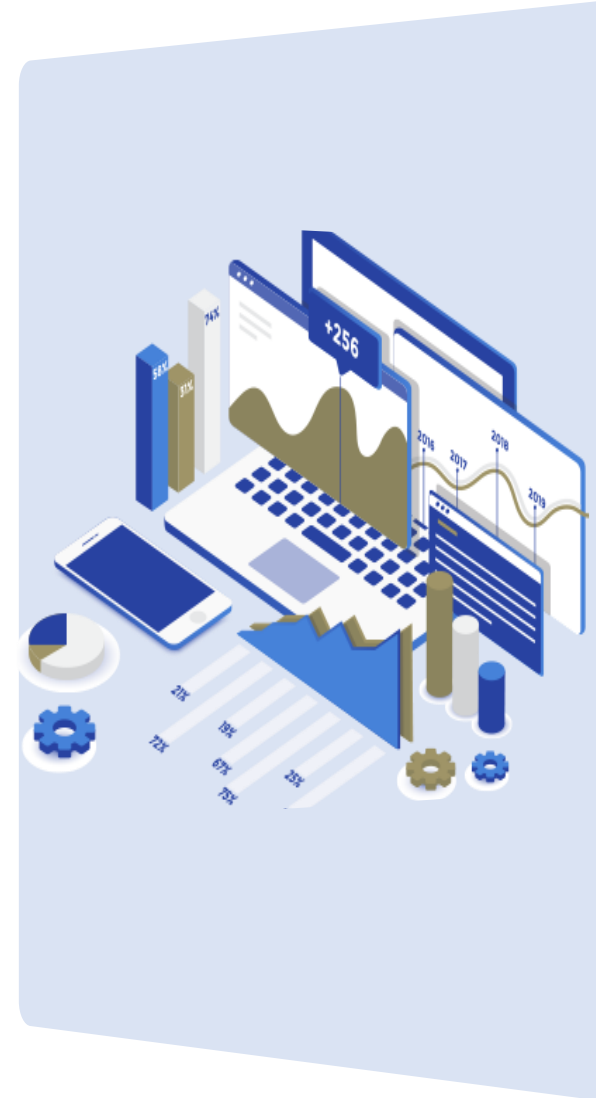
# GBPUSD

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# GBPUSD

- GBP/USD trades with a mild positive bias during early Tuesday after previous day's a minor pullback move from the resistance of 1.2050.
- The S&P Global/CIPS UK Construction PMI rose to 54.6 in February 2023 from 48.4 in January, and easily beating market expectations of 49.1. Meanwhile, residential building activity contracted for the third consecutive month on subdued market conditions due to elevated interest rates, alongside cutbacks to new house building projects in anticipation of weaker demand. Total order books were up for the first time since November, while employment numbers increased modestly. On the price front, input price inflation was the lowest since November 2020. Looking ahead, business confidence improved to a one-year high, amid signs of a recovery in client demand, despite elevated interest rates and recession risks.
- Pound bulls need to crack the downtrend line at 1.2050, to accelerate the bullish moves towards two-week high, surrounding 1.2150. Alternatively, should the asset drop below last week's low, cable will resume it's downside move to Jan 06 low, around 1.1840.





British Pound / U.S. Dollar, 1D, O1.20177 H1.20456 L1.20167 C1.20401 +0.00224 (+0.19%)

USD



Jul Aug Sep Oct Nov Dec 2023 Feb Mar

British Pound / U.S. Dollar, 4h, O1.20377 H1.20455 L1.20346 C1.20405 +0.00028 (+0.02%)

USD  
1.24500  
1.24000  
1.23500  
1.23000  
1.22700  
1.22500  
1.22000  
1.21500  
1.21000  
1.20500  
1.20405  
1.20000  
1.19500  
1.19000  
1.18500  
1.18400



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# USDJPY

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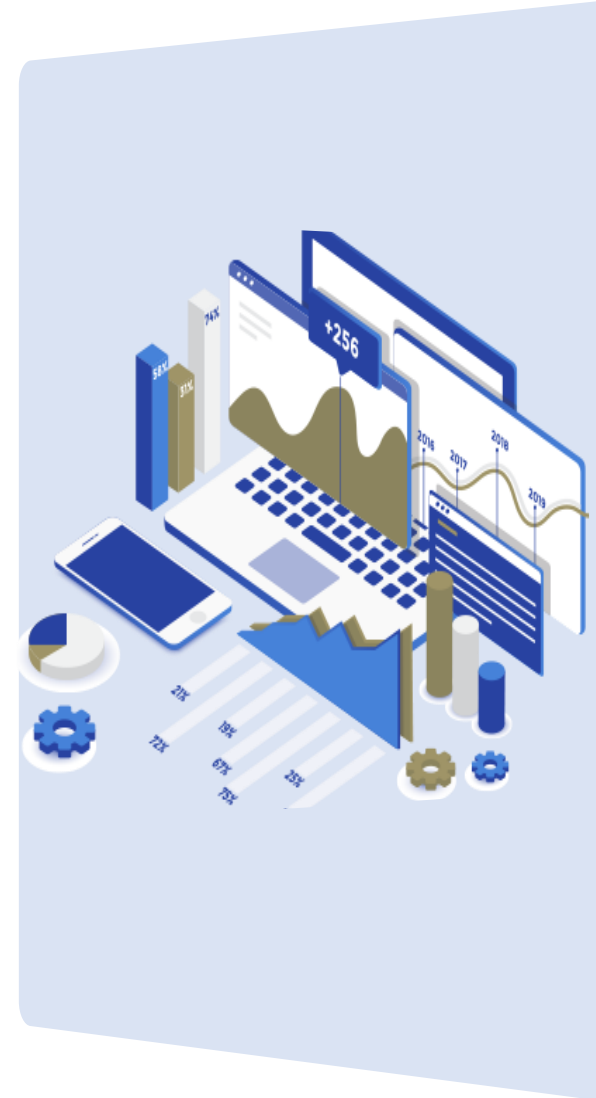
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# USDJPY

- USD/JPY has attracted significant bids at the demand zone of 135.50 after printing some losses on Monday.
- On the Japanese front, the upcoming policy meeting of the Bank of Japan (BoJ), scheduled for March 10th, would be Governor Kuroda's final meeting. The markets believe he will use this opportunity to initiate policy normalization by adjusting the Yield Curve Control (YCC). Rabobank analysts commented that the BoJ would take a cautious approach to loosen conditions of the YCC, and it would be the first step towards monetary policy normalizations.
- For more upside, bulls need to surpass the resistance of 136.50, which will send the yen pair to 137.50. On the contrary, bears can take control if the major plunges below the support of 135.50. This will drag the pair towards the confluence of trend lines and the level of 134.50.



U.S. Dollar / Japanese Yen, 1D, O135.918 H136.180 L135.830 C135.948 +0.029 (+0.02%)

JPY  
141.000  
140.000  
139.000  
138.500  
138.000  
137.500  
137.000  
136.500  
135.948  
135.500  
135.000  
134.500  
134.000  
132.900  
132.000  
131.000  
130.000  
129.000  
128.000



14 22 Dec 12 20 2023 16 24 Feb 13 21 Mar

U.S. Dollar / Japanese Yen, 4h, O136.017 H136.036 L135.830 C135.967 -0.050 (-0.04%)



2023 9 16 23 14:00 Feb 7 13 20 14:00 Mar 7

JPY  
137.500  
137.000  
136.500  
135.967  
135.500  
135.000  
134.500  
134.000  
132.900  
132.000  
131.000  
130.000  
129.000  
128.000



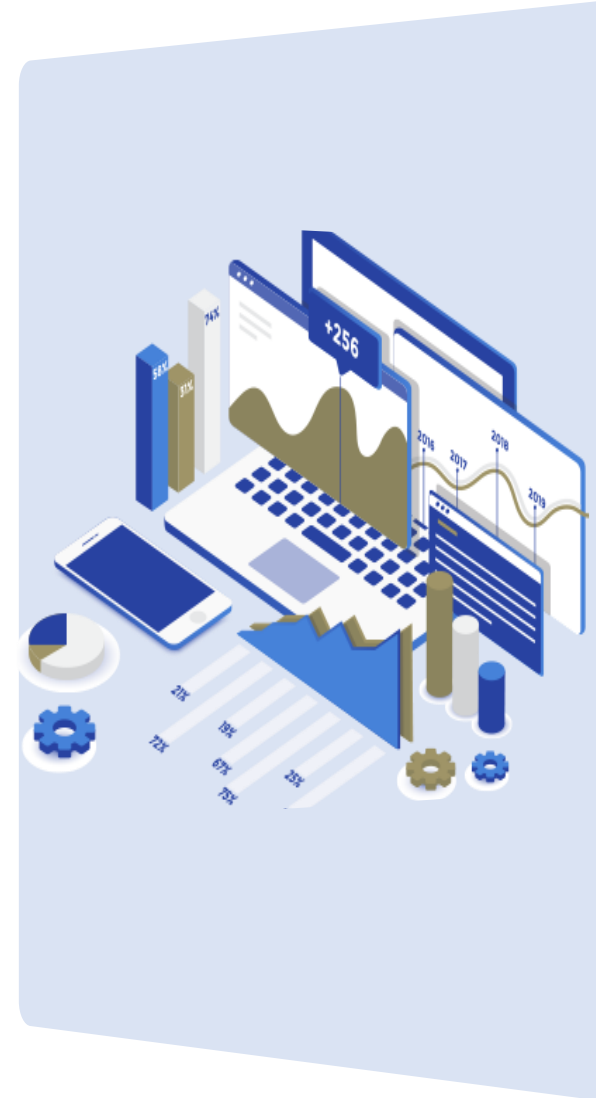


# XAUUSD



# XAUUSD

- Gold prices rose marginally on Tuesday as investors awaited Congressional testimony by U.S. Federal Reserve Chair Jerome Powell and monthly jobs data, both of which could influence the interest rate policy. The precious metal may consolidate ahead of Powell's testimony, but as the Fed tightening stretches into late cycle, gold can rebound once the Fed is done - the question is on the timing.
- The yellow metal inversely tracked Treasury yields. The 2-year government bond rate rallied by 0.6%. XAU/USD can be quite sensitive to Treasuries, which are partly a reflection of monetary policy expectations. This is due to gold's inherent lack of yield when holding the precious metal. When the return on cash rises, XAU tends to fall and vice versa.
- Gold is displaying a minor correction before testing the resistance of \$1,860. A clear upside break of this level, enables the buyers to aim for \$1,880. Alternatively, the pullback can initially seek the \$1,830 support ahead of challenging the \$1,805.



Gold Spot / U.S. Dollar, 1D, O1846.880 H1850.545 L1844.180 C1848.620 +1.740 (+0.09%)



Aug Sep Oct Nov Dec 2023 Feb Mar

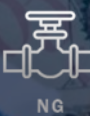
USD  
1925.000  
1900.000  
1880.000  
1860.000  
1848.620  
1830.000  
1805.000  
1786.000  
1775.000  
1750.000  
1725.000  
1700.000  
1675.000  
1650.000  
1625.000



Gold Spot / U.S. Dollar, 4h, O1847.980 H1850.545 L1847.325 C1848.620 +0.640 (+0.03%)



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



**S&P**

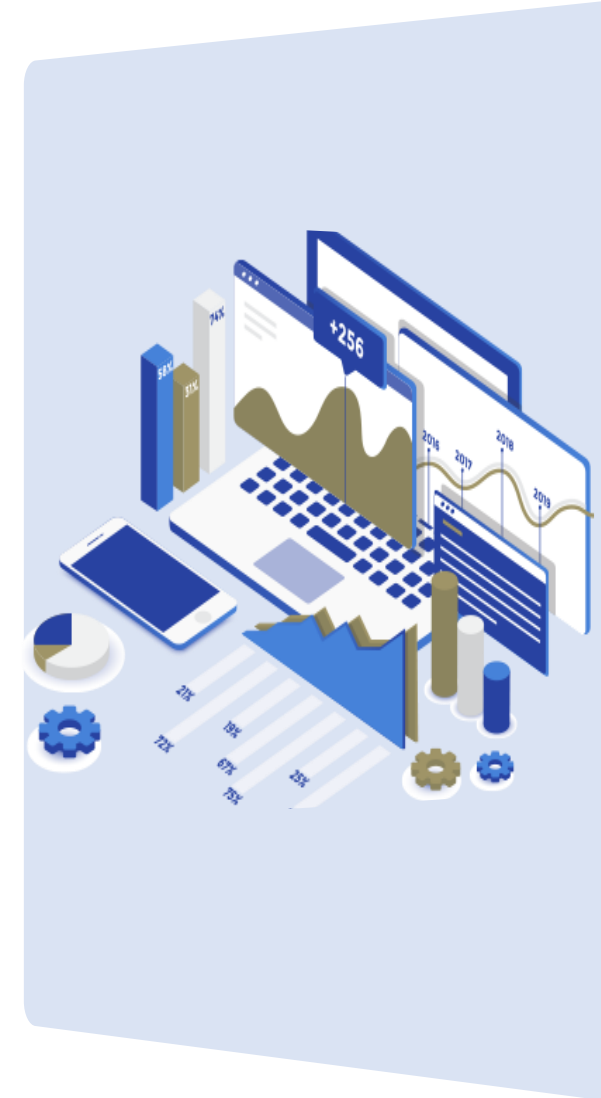


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# S&P

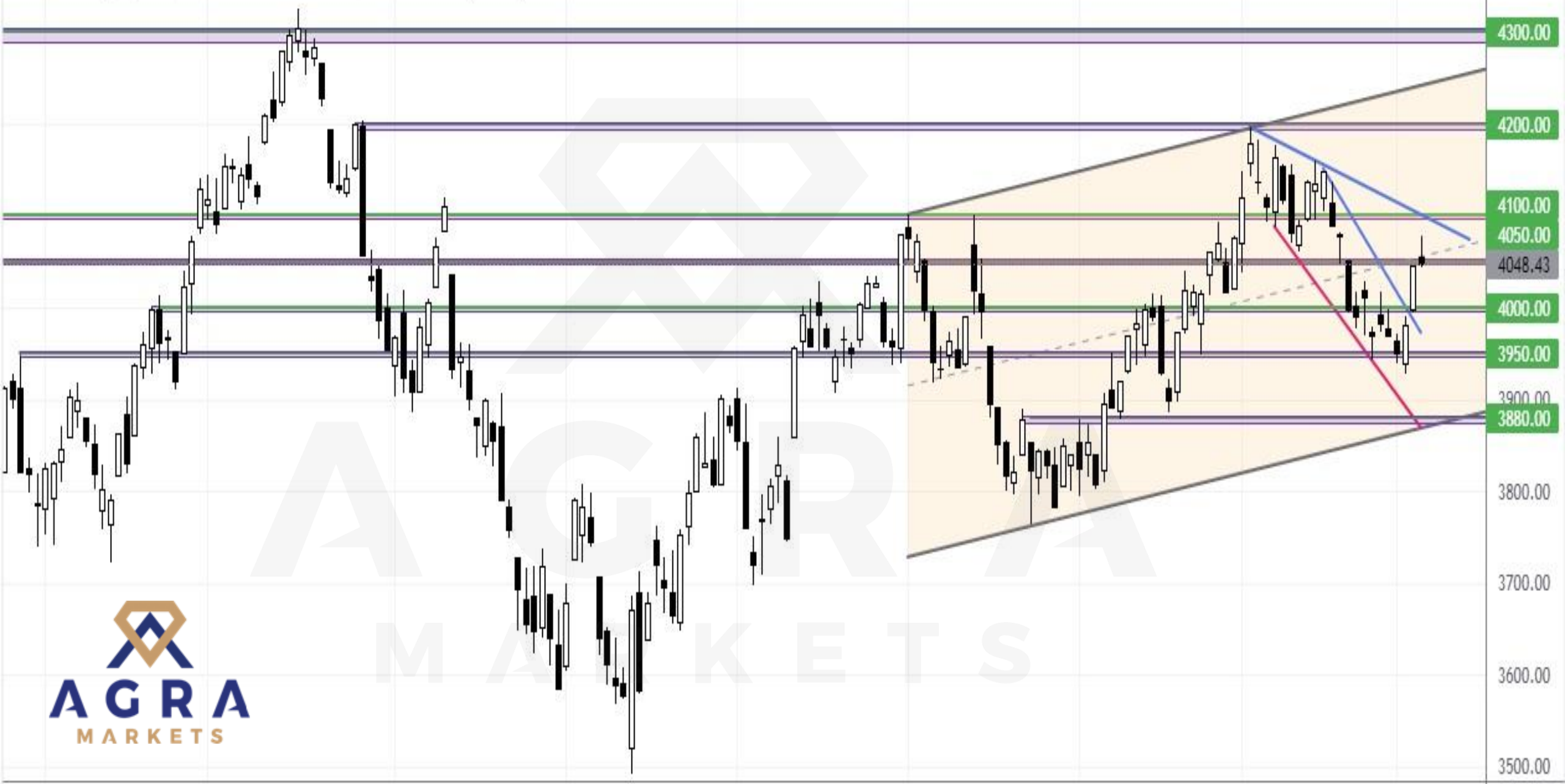
- The S&P 500 closed barely higher on Monday, giving up most of its earlier gains as investors were cautious ahead of this week's testimony from Federal Reserve Chair Jerome Powell and the closely watched U.S. jobs report.
- Judging by the improved mood in global equity markets, investors are once again having a go at central banks. Despite a slew of data from around the world showing stronger-than-expected performance in economies and labour markets - red signals for inflation - equities are on the mend.
- S&P 500 pared early gains after printing a weekly high of 4,078 and eventually closed with a minor gain near the 4050 level. A sustained weakness below this support area will lead a correction move towards 4,000. On the flip side, bulls need to surpass the downtrend line at 4,100 to aim for Feb 02 high, around 4,200.





S&P 500 Index, 1D, O4055.15 H4078.49 L4044.61 C4048.43 +2.78 (+0.07%)

USD



4300.00

4200.00

4100.00

4050.00

4048.43

4000.00

3950.00

3900.00

3880.00

3800.00

3700.00

3600.00

3500.00



Jul

Aug

Sep

Oct

Nov

Dec

2023

Feb

Mar

S&P 500 Index, 4h, O4060.20 H4060.57 L4044.61 C4048.43 -11.76 (-0.29%)

USD



17 Nov 14 Dec 12 21 2023 23 Feb 13 Mar



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