Market Analysis

14/03/2023

NEWS ANALYSIS

- The dollar index held below 104 on Tuesday after losing almost 1% in the previous session, weighed down by speculations that the Federal Reserve could pause its tightening campaign following the collapse of Silicon Valley Bank in order to avoid a broader financial and economic crisis. Investors also geared up for key US inflation data on Tuesday, which will be among the last major economic reports that the central bank will consider before next week's policy meeting.
- A key U.S. inflation report is due later on Tuesday, which could add to the Fed's conundrum on whether it should stay on its rate-hike path to tame persistent price pressures, or to hold back on tightening monetary policy further to give the banking system some breathing space. Goldman Sachs' analysts on Sunday said they no longer expect the Fed to deliver a rate hike at its March meeting in light of the recent stress, while we forecast that the central bank will cut interest rates and hit the brakes on quantitative tightening. "Rather than proceeding with more monetary tightening ... the Fed finds itself in a terrible bind," said Eric Vanraes, a portfolio manager at Eric Sturdza Investments.
- Key developments that could influence markets on Tuesday: CPI data from Netherlands, Finland, Spain and the United States.

AGRA MARKETS

EURUSD

MetaTrader4

EURUSD

- The EUR/USD pair is attempting a minor correction in Tuesday’s trading so far after exhaustion in the upside momentum.

- MNI reported that the European Central Bank (ECB) was planning to go ahead with the 50 basis points (bps) rate hike at its upcoming meeting despite sliding market rate expectations amid Silicon Bank Valley turmoil.

- Considering the fact that, Eurozone inflation is extremely solid and has not softened meaningfully yet. Therefore, ECB President Christine Lagarde would have no alternative than to tweak interest rates further.

- A less-confident pullback move to the support of 1.0700 will activate a bargain buy. An occurrence of the same will drive the asset towards Feb 14 high, around 1.0800. On the contrary, should the asset drop below 1.0700, the broken downtrend line will restrict the EUR/USD's bears afterward.

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Euro / U.S. Dollar, 1D, O1.07310 H1.07330 L1.06993 C1.07023 −0.00287 (−0.27%)
USD
1.10000
1.09300
1.08000
1.07023
1.07000
1.06000
1.05500
1.05000
1.04200
1.03000
1.02000
1.01000
1.00000
0.99000
0.98000
0.97000
0.96000
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AGRA
MARKETS


Euro / U.S. Dollar, 4h, O1.07190 H1.07212 L1.06996 C1.07020 −0.00170 (−0.16%)
USD
1.10000
1.09500
1.09300
1.09000
1.08500
1.08000
1.07500
1.07020
1.07000
1.06500
1.06000
1.05500
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AGRA
MARKETS

GBPUSD

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GBPUSD

- The GBP/USD pair is displaying a minor pause after a sheer upside move on Monday.
- “Britain's Finance Minister Jeremy Hunt announced on Monday he would create 12 ‘investment zones’ in England to spur the regional economy outside London, a scaled-back version of a policy announced under former Prime Minister Liz Truss,” reported Reuters during the initial hours of Tuesday’s Asian session.
- The asset is likely to find a bullish impulsive wave after completing its correction to the resistance-turned-support of 1.2150, which could drive cable towards Feb 14 high of 1.2270. On the contrary, in case of further drop and breaking previous day's low around 1.2150, cable will be reduced towards the 1.1950 level.


British Pound / U.S. Dollar, 1D, O1.21820 H1.21882 L1.21462 C1.21497 −0.00323 (−0.27%)
USD
1.24500
1.22700
1.21500
1.21497
1.20500
1.19500
1.18400
1.16000
1.14000
1.12000
1.10000
1.08000
1.06000
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AGRA
MARKETS


British Pound / U.S. Dollar, 4h, O1.21615 H1.21655 L1.21465 C1.21492 −0.00123 (−0.10%)
USD
1.24000
1.23500
1.23000
1.22700
1.22500
1.22000
1.21500
1.21492
1.21000
1.20500
1.20000
1.19500
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AGRA
MARKETS

USDJPY

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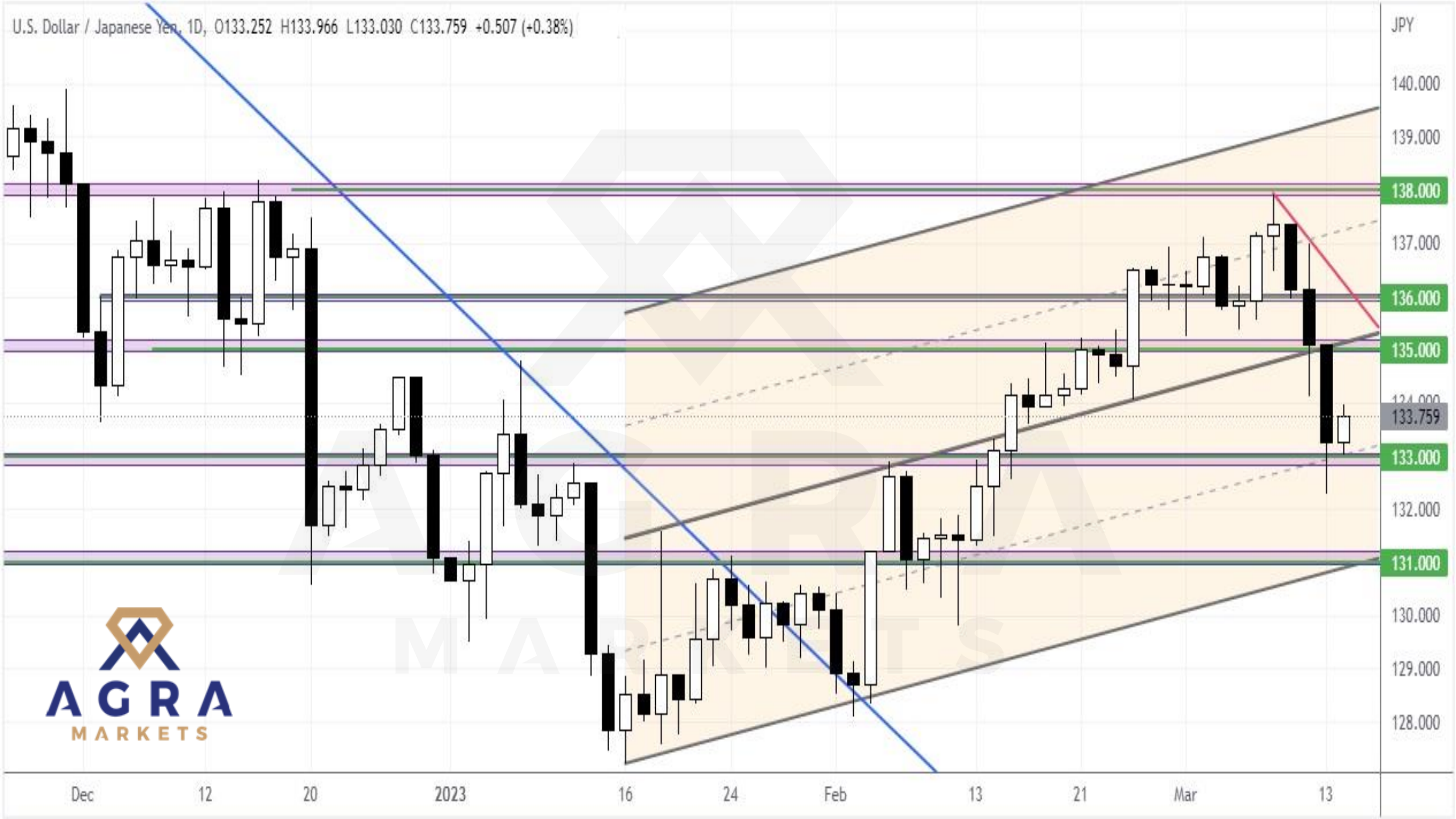
USDJPY

- USD/JPY pares previous day's losses around 133.70 heading into Tuesday’s European session.
- The Silicon Valley Bank’s (SVB) fallout has prompted investors to revisit their rate-hiking expectations about the Federal Reserve's (Fed) plans to increase interest rates during the March FOMC meeting., which was surging exponentially prior to the last Nonfarm Payrolls (NFP) release.
- Japanese Finance Minister Shunichi Suzuki said on Tuesday that they are “closely watching how the Silicon Valley Bank (SVB) case may impact Japan's economy and financial conditions.”
- A breach below previous day's low will pave the way for additional losses towards lower band of bullish channel, near 131.00. On the other hand, in case of breaking the resistance of 135.00, ninja will direct towards downtrend line around 136.00.


U.S. Dollar / Japanese Yen, 1D, O133.252 H133.966 L133.030 C133.759 +0.507 (+0.38%)
JPY
140.000
139.000
138.000
137.000
136.000
135.000
133.759
133.000
132.000
131.000
130.000
129.000
128.000
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MARKETS


U.S. Dollar / Japanese Yen, 4h, O133.243 H133.966 L133.226 C133.693 +0.450 (+0.34%)
JPY
137.000
136.000
135.000
134.000
133.693
133.000
132.000
131.000
130.000
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XAUUSD

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XAUUSD

- Gold made a six-week high overnight as the fallout from the failure of Silvergate Financial Corp., SVB Financial and Signature Bank continues to ricochet through markets.

- As the risk environment attempts to stabilize, any less-hawkish rate bets will likely have to seek validation from the upcoming U.S. CPI release, that may trigger some profit-taking into today's session. Considered a hedge against economic uncertainties, zero-yield gold also becomes a more attractive bet in a low interest rate environment. "The short (-term) outlook for gold looks strong," analysts at ANZ said in a note, adding that the metal had jumped above its 50-day moving average, signaling a change in momentum.

- Gold continued moving higher on Monday. As illustrated on the 4-hour chart, the price is trapped between the support of $1,900 and the resistance of $1,920 at the press time. Pullback moves to the supports of $1,900 and $1,880 will activate bargain buys. On the flip side, the immediate resistance is seen at $1,920, above which $1,960 will be probed.

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Gold Spot / U.S. Dollar, 1D, O1913.630 H1914.225 L1904.025 C1905.205 −8.425 (−0.44%)
USD
1960.000
1920.000
1905.205
1900.000
1880.000
1860.000
1850.000
1830.000
1805.000
1775.000
1750.000
1725.000
1700.000
1675.000
1650.000
1625.000
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Gold Spot / U.S. Dollar, 4h, O1912.490 H1912.880 L1904.025 C1905.540 −6.950 (−0.36%)
USD
1960.000
1940.000
1920.000
1905.540
1900.000
1880.000
1860.000
1840.000
1830.000
1820.000
1805.000
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S&P

MetaTrader4

S&P

- Global bank shares and short-dated U.S. Treasury yields plunged on Monday as concerns over fallout from the collapse of Silicon Valley Bank lingered despite action from regulators. Bond markets saw a repricing of rate hike bets, with rising expectations for a pause in rate hikes or a lower rate hike.

- The S&P 500 fell 0.2% to 3,855.76 at the close on Monday, paring losses stemming from concern surrounding the impact of the failure of Silicon Valley Bank and Signature Bank. The next "shoe to drop" for the S&P 500 is weak corporate EPS, but that requires deeply negative year-over-year US industrial production "which we do not foresee. The S&P 500 historically drops when recessions start and our yield curve, forward spread and payrolls model indicate that the start of a recession is more a risk in September.

- After a sheer downward, the index displayed back-and-forth moves below the level of 3,880. If the asset attracts more sellers, it will drop to 3,760. Alternatively, pullback moves may initially aim for the level of 3,950.


S&P 500 Index, 1D, O3835.12 H3905.05 L3808.86 C3855.77 -5.83 (-0.15%)
USD
4300.00
4200.00
4100.00
4050.00
4000.00
3950.00
3880.00
3855.77
3800.00
3760.00
3700.00
3600.00
Aug
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AGRA
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S&P 500 Index, 4h, O3866.89 H3897.58 L3854.09 C3855.77 -11.11 (-0.29%)
USD
4200.00
4160.00
4120.00
4080.00
4050.00
4000.00
3950.00
3920.00
3880.00
3855.77
3800.00
3760.00
3720.00
3680.00
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