AGRA MARKETS

Market Analysis

28/03/2023

NEWS ANALYSIS

- The U.S. dollar slid for a second day against major peers on Tuesday as receding fears of a full-blown banking crisis sapped demand for the safest assets. Top U.S. banking regulators said on Monday they planned to tell Congress that the overall financial system remains on solid footing after recent bank failures, but will comprehensively review their policies in a bid to prevent future collapses. The concerns haven't completely gone away as Federal Reserve Governor Philip Jefferson said on Monday that stress among small banks could hit small businesses hardest.
- An expected tightening in credit conditions resulting from recent banking sector troubles has prompted the market to lower its Federal Reserve interest rate rise expectations. The tentative improvement in global investor risk sentiment at the start of this week leaves the dollar vulnerable to further weakness on the back of the recent sharp adjustment lower in U.S. yields.
- All eyes now turn to a key measure of US inflation and several speeches from Fed officials this week.

EURUSD

MetaTrader4

EURUSD

- EUR/USD takes offers to renew intraday high around 1.0820, keeping the week-start recovery move during early Tuesday.

- On Monday, Germany’s IFO Business Climate Index rose to a 13-month high of 93.3 for March versus 90.9 market forecasts and 91.1 prior. Further, the IFO’s gauges of Current Assessment and Expectations also increased to 95.4 and 91.2 in that order during the said month compared to respective expected figures of 94.1 and 88.0, versus 93.9 and 88.4 previous readings.

- Also positive was S&P Global’s announcement on Monday that it revised the 2023 Gross Domestic Product (GDP) growth forecast for Eurozone to 0.3% from 0% previously. However, S&P Global also anticipates Eurozone GDP to grow by 1% in 2024, down from 1.4% expected in the previous forecast.

- Bulls need to surpass the resistance of 1.0930 to aim for Feb 02 high, around 1.1030. Alternatively, bears can take control if the major plunge below the support of 1.0740. This will drag the main pair towards the level of 1.0550.

Euro / U.S. Dollar, 1D, O1.07972 H1.08195 L1.07949 C1.08123 +0.00151 (+0.14%)
USD
1.10300
1.09300
1.08123
1.07400
1.06000
1.05500
1.04000
1.02000
1.00000
0.98000
0.96000
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Euro / U.S. Dollar, 4h, O1.08121 H1.08162 L1.08061 C1.08120 -0.00001 (-0.00%)
USD
1.10300
1.10000
1.09500
1.09300
1.09000
1.08500
1.08120
1.07000
1.07400
1.06500
1.06000
1.05500
1.05000
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GBPUSD

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GBPUSD

- The GBP/USD pair attracts some buying and is traded near previous week high during early Tuesday.

- Data released earlier Monday showed that UK Retail Sales conditions from the Confederation of British Industry declined modestly in March and BoE Governor Andrew Bailey spoke and said that the central bank has to be very alert to any signs of persistent inflationary pressures.

- Some follow-through buying above the last week's high around 1.2340 will pave the way for additional gains. This will send the asset towards the upward-sloping resistance line and Jan 23 high, surrounding 1.2450. On the contrary, should the asset violate the support of 1.2200, cable will start marching towards the long-term uptrend line near 1.2000.

British Pound / U.S. Dollar, 1D, O1.22863 H1.23215 L1.22784 C1.23154 +0.00291 (+0.24%)
USD
1.26500
1.24500
1.23400
1.23154
1.22000
1.20000
1.18000
1.16000
1.14000
1.12000
1.10000
1.08000
1.06000
1.04000
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British Pound / U.S. Dollar, 4h, O1.23101 H1.23215 L1.23068 C1.23161 +0.00060 (+0.05%)
USD
1.24500
1.24000
1.23400
1.23161
1.22500
1.22000
1.21500
1.21000
1.20500
1.20000
1.19500
1.19000
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USDJPY

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USDJPY

- The USD/JPY pair comes under some renewed selling pressure on Tuesday and reverses the previous day's recovery gains.

- Global banking stocks, which had been negatively impacted this month after the sudden collapse of Silicon Valley Bank (SVB) and Signature Bank, experienced relief on Monday. The Federal Deposit Insurance Corporation (FDIC) announced that First Citizens BancShares Inc would acquire all Silicon Valley Bank's deposits and loans from the regulator.

- In an interview with MNI, a former Bank of Japan (BoJ) board member, Makoto Sakurai, said that “the fall in bond yields and more stable yen affords incoming Bank of Japan governor Kazuo Ueda time to consider modifications to yield curve control, but no change is likely before July as policymakers monitor domestic and global growth and the outcome of wage negotiations.”

- Some follow-through selling below last week’s low at 129.64, will pave ways for additional losses towards the level of 127.50. On the flip side, greenback bulls can regain strength if the asset oversteps Monday’s high at 131.80 decisively. This will send ninja towards the long-term downtrend line, near 135.00.


U.S. Dollar / Japanese Yen, 1D, O131.572 H131.572 L130.531 C130.629 -0.943 (-0.72%)
JPY
152.000
150.000
148.000
146.000
144.000
142.000
140.000
138.000
136.000
135.000
134.000
131.800
130.629
129.640
127.500
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U.S. Dollar / Japanese Yen, 4h, O130.619 H130.645 L130.600 C130.620 +0.001 (+0.00%)
JPY
138.000
137.000
136.000
135.000
134.000
133.000
131.800
131.000
130.620
130.000
129.640
129.000
128.000
127.500
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XAUUSD

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XAUUSD

- Gold edged lower on Tuesday as an improvement in risk appetite after efforts by regulators to allay fears over the global banking system slowed safe-haven inflows into bullion. If the jitters about the banking sector continue to ease, gold could give back some of its recent gains.

- However, gold remains the resolute safe-haven in a rolling risk environment for the banking sector, as risks of contagion are far more persistent than the market would like to believe. Near term, gold may struggle to break through to new highs ... However, with Fed rate cuts coming once the U.S. economy enters recession, bond yields are likely to fall and the gold price may resume its climb.

- As illustrated on the 4-hour chart, the price is trapped between support and resistance with a focus on the side above $2,000. Should the precious metal overstep this resistance, a bullish reveal will be witnessed which will send the asset towards the level of $2,070. On the contrary, the price will find initiative selling if it slips below $1,934, which will send the pair towards $1,860.

Gold Spot / U.S. Dollar, 1D, O1956.450 H1964.075 L1956.450 C1959.345 +2.895 (+0.15%)
USD
2070.000
2040.000
2000.000
1959.345
1934.000
1920.000
1880.000
1860.000
1840.000
1800.000
1760.000
1720.000
1680.000
1640.000
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Gold Spot / U.S. Dollar, 4h, O1957.830 H1959.615 L1956.785 C1959.595 +1.765 (+0.09%)
USD
2070.000
2060.000
2040.000
2020.000
2000.000
1980.000
1959.595
1934.000
1920.000
1900.000
1880.000
1860.000
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S&P

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S&P

- On Monday, the S&P 500 ended slightly higher as a deal for Silicon Valley Bank's assets helped to boost bank shares, while technology-related stocks dipped amid profit taking after a strong quarter. Benchmark 10-year yields US10Y slipped to 3.5129%, down from its U.S. close of 3.528% on Monday.

- The asset is expected to face barricades near the level of 4,040 placed around downtrend line. Should the asset test this resistance area, responsive sellers may attack the index, which could drag the asset towards 3,900, followed by the support of 3,760. On the flip side, index bulls could regain control if the asset oversteps the downtrend line at 4,040 confidently. This will drive the asset towards the round level resistance of 4,200.


S&P 500 Index, 1D, O3982.93 H4003.83 L3970.49 C3977.54 +6.56 (+0.17%)
USD
4300.00
4200.00
4100.00
4040.00
4000.00
3977.54
3900.00
3800.00
3760.00
3700.00
3600.00
3500.00
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S&P 500 Index, 4h, O3984.68 H3997.25 L3973.45 C3977.54 -7.14 (-0.18%)
USD
4200.00
4160.00
4120.00
4080.00
4040.00
4000.00
3977.54
3960.00
3920.00
3900.00
3880.00
3840.00
3800.00
3760.00
3720.00
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