AGRA MARKETS

Market Analysis

13/04/2023

NEWS ANALYSIS

- The dollar remained subdued in Asian trade on Thursday after weakening overnight as cooler-than-anticipated U.S. inflation data stoked expectations that the Federal Reserve's monetary tightening will end next month with one last interest rate hike. While disinflation trends continue and broadened across headline, core and supercore measures, the CPI report is hardly an all clear on inflation
- The annual 5% headline rise for U.S. inflation was the smallest since May 2021 and down from 9.1% last June. Though with core CPI sticky at an annual 5.6% and minutes from last month's Fed meeting showing participants cautious about credit tightening in the wake of banking sector wobbles in March, markets are nervous.
- Meanwhile, minutes from the Fed's last meeting in March showed several Federal Reserve policymakers considered pausing interest rate increases after the failure of two regional banks but concluded high inflation needed to be tackled. The minutes also showed staff projections of a mild recession later this year. However, it is an 'if' monetary policy world, that is, wait and see about banking and financial conditions. Banking sector issues are explicitly part of the reaction function now.

EURUSD

MetaTrader4

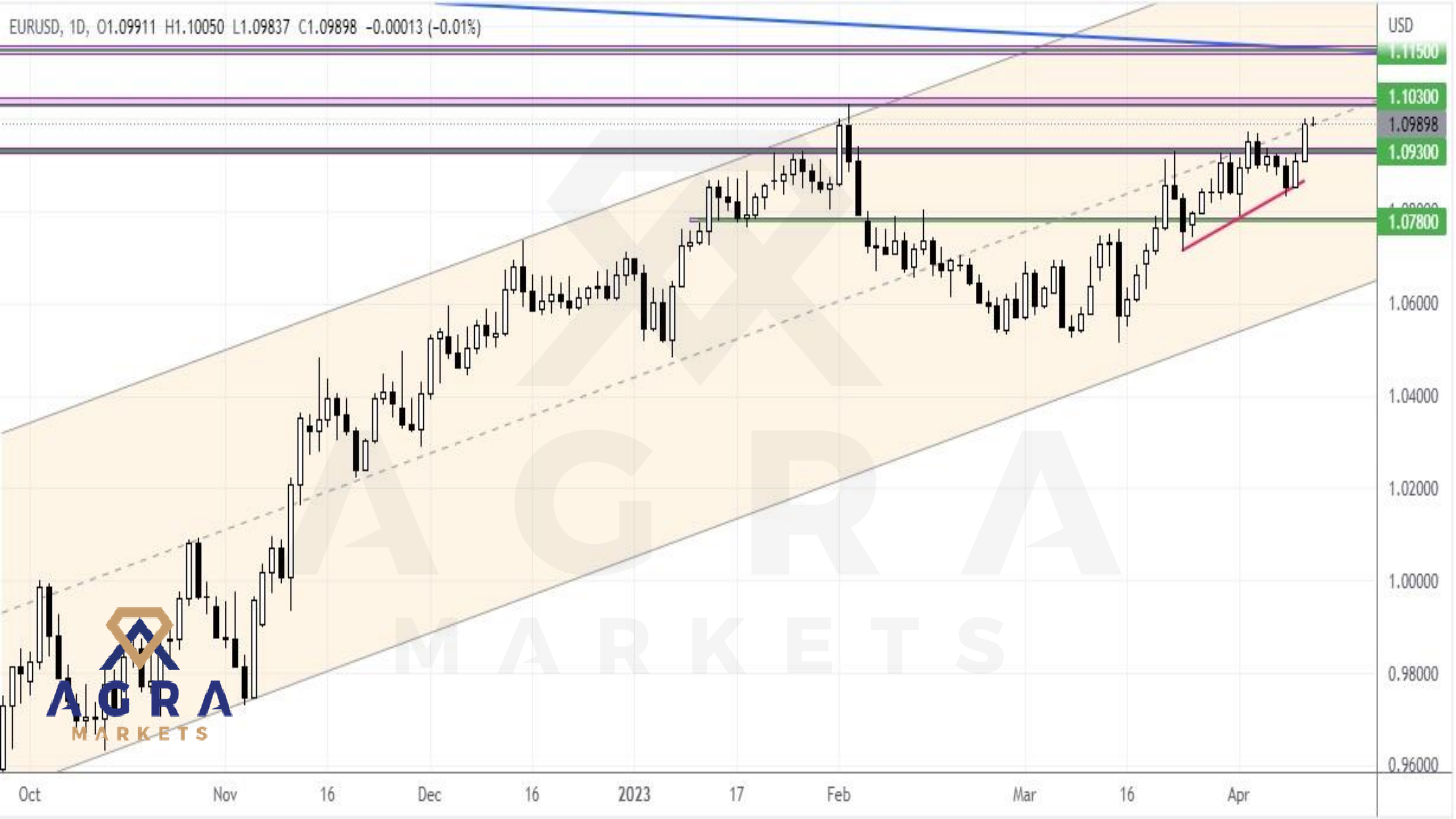
EURUSD

- The EUR/USD pair is facing resistance in extending its bullish move at the upper band of the rising wedge pattern in the Asian session.

- The rising oil prices are posing a threat of recovery in inflationary pressures. The shared continent is a major importer of oil and higher oil prices could fuel inflation again.

- ECB Governing Council member Robert Holzmann cited on Wednesday, “Inflation outlook argues for another 50bps hike in May.” He further added, “ECB needs to keep raising rates noticeably beyond May.”

- A less-confident pullback move to the resistance-turned-support of 1.0930 and the lower band of the wedge will activate a bargain buy. An occurrence of the same will drive the asset towards Feb 02 high around 1.1030. Alternatively, a clear break of the wedge pattern will drag the quote towards 1.0780, followed by the blue uptrend line.



EURUSD, 1D, O1.09911 H1.10050 L1.09837 C1.09898 -0.00013 (-0.01%)
USD
1.11500
1.10300
1.09898
1.09300
1.07800
1.06000
1.04000
1.02000
1.00000
0.98000
0.96000
Oct
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16
2023
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EURUSD, 4h, O1.10019 H1.10034 L1.09838 C1.09891 -0.00128 (-0.12%)
USD
1.10300
1.10000
1.09891
1.09500
1.09300
1.09000
1.08500
1.08000
1.07800
1.07500
1.07000
1.06500
1.06000
1.05500
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GBPUSD

MetaTrader4

GBPUSD

- The GBP/USD pair is displaying a minor pause during early Thursday after bulls’ ability to overstep the resistance of 1.2450.

- UK’s February 2023 Gross Domestic Product (GDP) eased to 0.0% versus 0.1% expected and 0.4% prior while the Industrial Production improved on YoY but declined on MoM during the stated month. Further details suggest an increase in the UK’s trade deficit and no change in the Index of Services.

- The broken short-term downtrend line and the Higher High Higher Low formation keep buyers hopeful to drive the asset higher towards the 1.2650 level. Meanwhile, the support of 1.2450 will restrict the immediate downside of cable before highlighting the red uptrend line.

GBPUSD, 1D, O1.24847 H1.24965 L1.24774 C1.24898 +0.00051 (+0.04%)
USD
1.26500
1.24898
1.24500
1.23400
1.22700
1.20000
1.18000
1.16000
1.14000
1.12000
1.10000
1.08000
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GBPUSD, 4h, O1.24925 H1.24965 L1.24847 C1.24893 -0.00032 (-0.03%)
USD
1.26500
1.26000
1.24893
1.24500
1.24000
1.23400
1.23000
1.22700
1.22000
1.21000
1.20000
1.19000
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USDJPY

USDJPY

- USD/JPY sensed selling pressure just below the long-term downtrend line on Wednesday and fell to the middle band of the 4-hour bullish channel.

- Early in Asia, Bank of Japan (BoJ) Governor Kazuo Ueda tried to defend the Japanese central bank's easy-money policy while speaking at the Group of Seven (G7) nations' gathering in Washington. "BoJ will continue monetary easing until the price target is stable and sustainably achieved," said BoJ's Ueda while also adding that Japan's consumer inflation is currently around 3% but likely to slow ahead.

- Additionally, Japan's recalling of the emergency evacuation order after North Korean missile testing also provides a tailwind to the risk barometer pair.

- A breach below previous day's low will send the yen pair towards 131.80, followed by the lower band of the bullish channel. Meanwhile, the long-term downtrend line and the resistance of 134.50 will prevent bullish move respectively.


USDJPY, 1D, O133.177 H133.312 L132.944 C133.262 +0.085 (+0.06%)
JPY
150.000
148.000
146.000
144.000
142.000
140.000
138.000
136.000
134.500
133.262
131.800
131.000
129.640
128.000
127.500
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USDJPY, 4h, O133.166 H133.312 L133.042 C133.245 +0.078 (+0.06%)
JPY
137.000
136.000
135.000
134.500
134.000
133.245
133.000
132.000
131.800
131.000
130.000
129.640
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XAUUSD

MetaTrader4

XAUUSD

- Gold futures closed Wednesday at their highest in nearly a week, with the dollar declining as signs of cooling inflation added to hopes for a pause in U.S. rate increases. But gold closed off earlier highs as Richmond Fed President Tom Barkin said there is "more to do to get core inflation back down" to where the Fed would like.

- Macroeconomic conditions for gold have probably improved although future upside may already be expected. Slowing inflation and growth during 2023 will likely enable tight monetary policy to loosen, putting downward pressure on real-interest-rate expectations and offering support to the precious metal.

- The precious metal is expected to find significant bids around the crucial level of $2,000 as the downside bias is not backed by momentum. So after the conclusion of the sideway move, the bright metal will resume its upside journey. Alternatively, if the selling pressure intensifies, then the support of $1,920 will come into play.


XAUUSD, 1D, O2014.950 H2019.870 L2014.175 C2018.785 +3.835 (+0.19%)
USD
2070.000
2040.000
2018.785
2000.000
1960.000
1920.000
1880.000
1860.000
1840.000
1800.000
1760.000
1720.000
1680.000
1640.000
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XAUUSD, 4h, O2017.970 H2019.560 L2015.760 C2018.870 +0.900 (+0.04%)
USD
2018.870
2000.000
1980.000
1960.000
1940.000
1920.000
1900.000
1880.000
1860.000
1840.000
1820.000
Mar
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S&P

MetaTrader4

S&P

- Stock indexes Wednesday gave up early gains and settled moderately lower, with the Nasdaq 100 posting a 2-week low. Stocks opened higher on the better-than-expected CPI report but then turned lower on hawkish comments from Richmond Fed President Barkin, who said, "There is still more to do to get core inflation down to where we'd like it to be."

- Wells Fargo analysts believe further pain is in store for equities as the Fed's monetary tightening as well as a credit crunch triggered by liquidity issues at banks take a toll on economic growth. This would present significant risk to company earnings, with margins likely come under pressure, the analysts said.

- The S&P 500 seesaws 4,091 on Wednesday, after a brief decline. A firmer downside move in the asset will send it near the level of 4,040, which could act as an immediate support. Alternatively, if the index attracts enough buyers here, it will rise to 4,200.

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SPX, 1D, O4121.72 H4134.37 L4086.94 C4091.96 -16.99 (-0.41%)
USD
4300.00
4200.00
4091.96
4040.00
4000.00
3900.00
3800.00
3700.00
3600.00
3500.00
Aug
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SPX, 4h, O4124.42 H4127.10 L4086.94 C4091.96 -32.41 (-0.79%)
USD
4240.00
4200.00
4160.00
4120.00
4091.96
4080.00
4040.00
4000.00
3960.00
3920.00
3900.00
3880.00
3840.00
3800.00
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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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