



Market Analysis

10/05/2023

NEWS ANALYSIS

- The dollar weakened broadly on Wednesday after U.S. President Joe Biden and top lawmakers failed to break a deadlock on the debt ceiling crisis, though currency moves were marginal amid caution ahead of U.S. inflation data later in the day.
- Today's inflation data, due at 1230 GMT, could offer a jolt if the surprise factor is big enough. The upcoming CPI report is expected to show inflation remained elevated with the monthly rate rising by 0.4% and the headline number staying at 5%. However, Cleveland Fed's 'nowcast' forecasts core CPI going up and if that happens, it could challenge the market's assumption that U.S. interest rate hikes are finished.
- A stronger-than-expected reading could prove a headache for the Federal Reserve, which had just last week opened the door to a pause in its aggressive tightening cycle, having delivered 10 consecutive rate hikes since March 2022. The bar is high for a Fed response to data surprises in either direction. Having concluded 500 bps of rate hikes and anticipating some credit tightening from a shake-down amongst regional banks, the Fed is unlikely to tighten further on merely 'sticky' inflation, instead requiring re-acceleration of inflation. Money markets are pricing in a roughly 80% chance that the Fed will keep rates on hold at its next meeting in June, and expect rate cuts to begin in July through to the end of the year.





+

EURUSD

+



EURUSD

- The EUR/USD takes offers to renew intraday high around 1.0977, trimming the previous day's losses during early Wednesday.
- More interest rate hikes from the European Central Bank (ECB) are in the pipeline as Eurozone inflation is far from the desired rate. Isabel Schnabel, a member of the ECB's Executive Board, stated on Tuesday that there is no doubt that the ECB will have to take additional measures to bring inflation back to target. She further added that core inflation has not seen a turnaround like the headline CPI. According to her, rate cuts are unlikely for the foreseeable future.
- Bulls need to surpass the short-term downtrend line to aim for the top of the 4-hour bullish channel. Alternatively, a breach below May 02 low will pave the way for additional losses toward 1.0900, followed by the blue uptrend line.



EURUSD, 1D, O1.09604 H1.09773 L1.09432 C1.09754 +0.00150 (+0.14%)



Sep Oct Nov Dec 2023 Feb Mar Apr May

EURUSD, 4h, O1.09692 H1.09772 L1.09683 C1.09752 +0.00060 (+0.05%)

USD



6 13 20 27 Apr 10 17 24 May 8



+

GBPUSD

+



FOREX



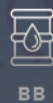
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ES



CT



BB



GBPUSD

- The GBP/USD pair seesaws around 1.2628 heading into European session after reversing losses from Tuesday's low.
- The markets are jittery ahead of key events this week, including the Bank of England (BoE) policy decision. The BoE has raised interest rates 11 times since December 2021 as it battles to bring down double-digit inflation. The markets are predicting a 98% chance of a 25 bps hike from the BoE.
- Meanwhile, the Pound is also finding support on stronger-than-expected economic data in the UK of late and is leading investors to believe that the nation might just avoid a recession after all. Sterling has also benefitted from a softer US Dollar that has been pressured by the belief in markets that the Federal Reserve is coming towards the end of its rate hiking cycle.
- The bulls currently aim for the level of 1.2650 as an immediate target during further advances. A breach of the latter will drive cable toward the 1.2750 level. On the flip side, should the main pair drop below the swing low of May 04, the asset will be reduced toward the blue uptrend line drawn from April 21.



GBPUSD, 1D, O1.26197 H1.26348 L1.26085 C1.26277 +0.00080 (+0.06%)

USD
1.28000
1.27500
1.26500
1.26277
1.26000
1.24500
1.24000
1.23400



Nov 15 Dec 19 2023 16 Feb 15 Mar 20 Apr 17 May 15

GBPUSD, 4h, O1.26281 H1.26348 L1.26253 C1.26280 -0.00001 (-0.00%)

USD



1.26500
1.26280
1.26000
1.25000
1.24500
1.24000
1.23400
1.23000
1.22000
1.21000
1.20000
1.19000

6 13 20 27 Apr 10 17 24 May 8





USDJPY



FOREX



NG



ES



CT



BB

MetaTrader4



USDJPY

- The USD/JPY pair edges higher for the fourth successive day after printing an intraday low of 135.06 in the Asian session.
- The Japanese Yen (JPY) weakens a bit in reaction to dovish-sounding comments by the Bank of Japan (BoJ) Governor Kazuo Ueda and turns out to be a key factor pushing the USD/JPY pair higher. Speaking in parliament, Ueda said it was too early to discuss specific plans for an exit from the BoJ's massive stimulus programme, including how it could unload its huge holdings of exchange-traded funds (ETF). He added that the central bank will debate an exit strategy from its ultra-loose monetary policy, and communicate it to the public, once prospects to achieve stable inflation are in place. That said, a modest US Dollar weakness keeps a lid on any further gains for the major, at least for the time being.
- A sustained move above the previous day's high will send the ninja to 138.00, followed by the top of the daily bullish channel. Alternatively, should the asset drop below Tuesday's low, the yen pair will return to the level of 134.00.



USDJPY, 1D, O135.228 H135.338 L135.065 C135.262 +0.034 (+0.03%)

JPY



138.000

136.000

135.262

135.000

134.000

132.000

130.000

128.000



14

Dec

19

2023

16

Feb

14

Mar

20

Apr

17

May

USDJPY, 4h, O135.154 H135.290 L135.065 C135.262 +0.108 (+0.08%)

JPY



138.000

137.000

136.000

135.262

135.000

134.000

133.000

132.000

131.000

130.000



13

20

27

Apr

10

17

24

May

8



+

XAUUSD

+

-  FOREX
-  NG
-  ES
-  CT
-  BB



XAUUSD

- Gold prices eased into a tight range on Wednesday as traders braced for key U.S inflation data due later in the day, which could impact the Federal Reserve's policy stance. The weak outlook for the U.S. currency and yields reignite the safe-haven status of gold.
- Any uptick in price pressures could boost US Treasury yields and the US dollar and weigh on gold. In contrast, further moderation in price pressures could weigh on yields and the US dollar, pushing gold toward the 2020 record high of 2072.
- The precious metal has displayed a minor pause from \$2,070 and a pullback toward the psychological support of \$2,010 after an upside move. Gold is expected to find significant bids around this level as the downside bias is not backed by momentum. So after the conclusion of the pullback move, the bright metal will resume its upside journey. On the contrary, should the asset drops below \$2,010, a bearish trigger will drag the asset toward the level of \$1,960.



XAUUSD, 1D, O2034.535 H2038.290 L2030.255 C2030.300 -4.235 (-0.21%)



USD
2120.000
2080.000
2070.000
2040.000
2030.300
2010.000
2000.000
1960.000
1920.000
1880.000
1860.000
1840.000
1800.000
1760.000
1720.000
1680.000

Sep Oct Nov Dec 2023 Feb Mar Apr May



XAUUSD, 4h, O2036.565 H2037.185 L2030.530 C2030.600 -5.965 (-0.29%)

USD



13

20

27

Apr

10

17

24

May

8

1920.000

1940.000

1960.000

2000.000

2010.000

2020.000

2030.600

2040.000

2060.000

2070.000



S&P



MetaTrader4



S&P

- Stock indexes Tuesday closed moderately lower ahead of U.S. inflation news on Wednesday. The debt ceiling stalemate is also undercutting investor sentiment and is weighing on stocks. Also, global growth concerns were negative for stocks after Chinese Apr imports plunged -7.9% y/y, weaker than expectations of -0.1% y/y and a sign that China's recovery is weaker than expected, which weighed on global growth prospects. The S&P 500 Index Tuesday closed down -0.46%.
- In S&P 500 industry sectors only 3 out of 11 closed higher with materials the biggest decliner, down 0.9%, and industrials the biggest gainer, up just 0.17%. Deposit challenges are expected to pressure profitability for U.S. banks in the near term, as the industry contends with its worst crisis in 15 years.
- The S&P 500 closed a little below the level of 4,120 on Tuesday. Further losses are likely, which could drag the asset towards the support of 4,040. Alternatively, in case of returning the price above the resistance of 4,120, it will rise to 4,200.



SPX, 1D, O4124.25 H4130.35 L4116.65 C4119.18 -18.95 (-0.46%)

USD



4300.00

4200.00

4120.00

4119.18

4100.00

4040.00

4000.00

3900.00

3800.00

3700.00

3600.00

3500.00



Sep

Oct

Nov

Dec

2023

Feb

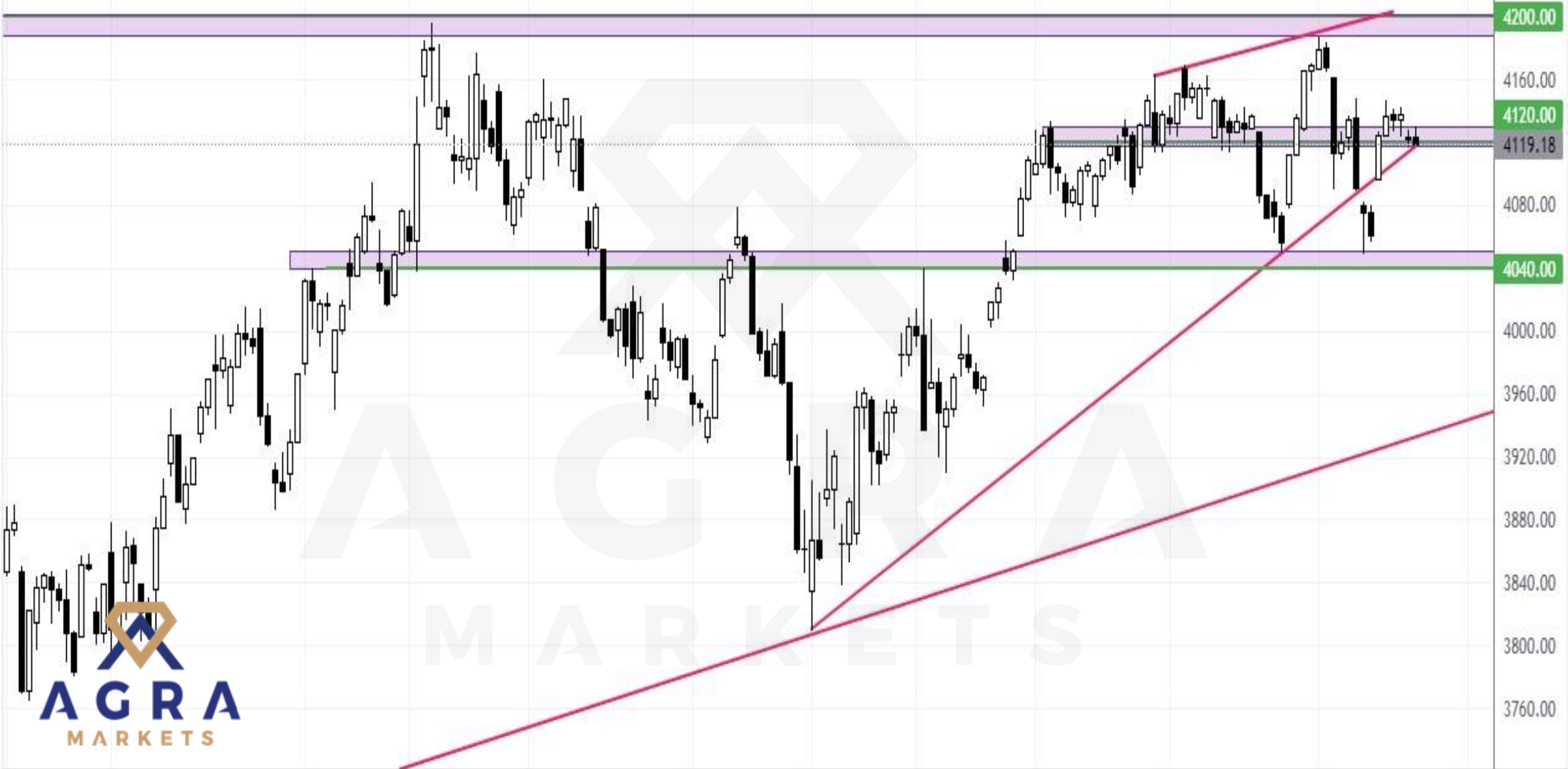
Mar

Apr

May

SPX, 4h, O4123.59 H4130.35 L4118.14 C4119.18 -4.42 (-0.11%)

USD



4200.00

4160.00

4120.00

4119.18

4080.00

4040.00

4000.00

3960.00

3920.00

3880.00

3840.00

3800.00

3760.00



21 2023 23 Feb 13 Mar 13 22 Apr 17 May 15



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