



*Market Analysis*

20/06/2023

# NEWS ANALYSIS

- Following a three-day weekend in the US, trading conditions normalize on Tuesday and markets seem to have adopted a cautious stance. The US Dollar (USD) builds on its recent bounce from over a one-month low touched last Friday and edges higher for the third successive day on Tuesday.
- The Federal Reserve (Fed), though skipped a rate hike last week, signaled that borrowing costs may still need to rise as much as 50 bps by the end of this year. The markets were quick to react and are now pricing in another 25-bps lift-off at the July FOMC meeting, which, in turn, triggers a fresh leg up in the US bond yields and lends some support to the buck.
- Worries about a global economic slowdown, particularly in China, overshadow an interest rate cut by the People's Bank of China (PBoC). This is evident from a weaker sentiment surrounding the equity markets and drives some haven flows towards the Greenback. The USD bulls, however, seem reluctant to place aggressive bets and prefer to wait for fresh cues about the Fed's future rate hike path.
- Hence, the focus will remain glued to Fed Chair Jerome Powell's congressional testimony on Wednesday and Thursday. Apart from this, speeches by a slew of influential FOMC members will play a key role in driving the USD demand.





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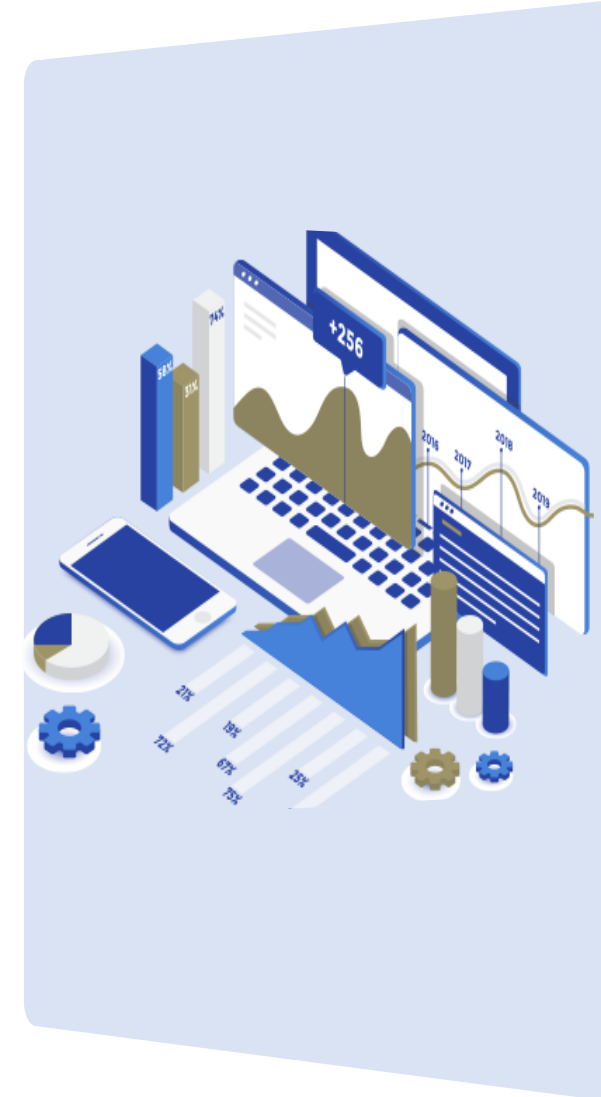
# EURUSD

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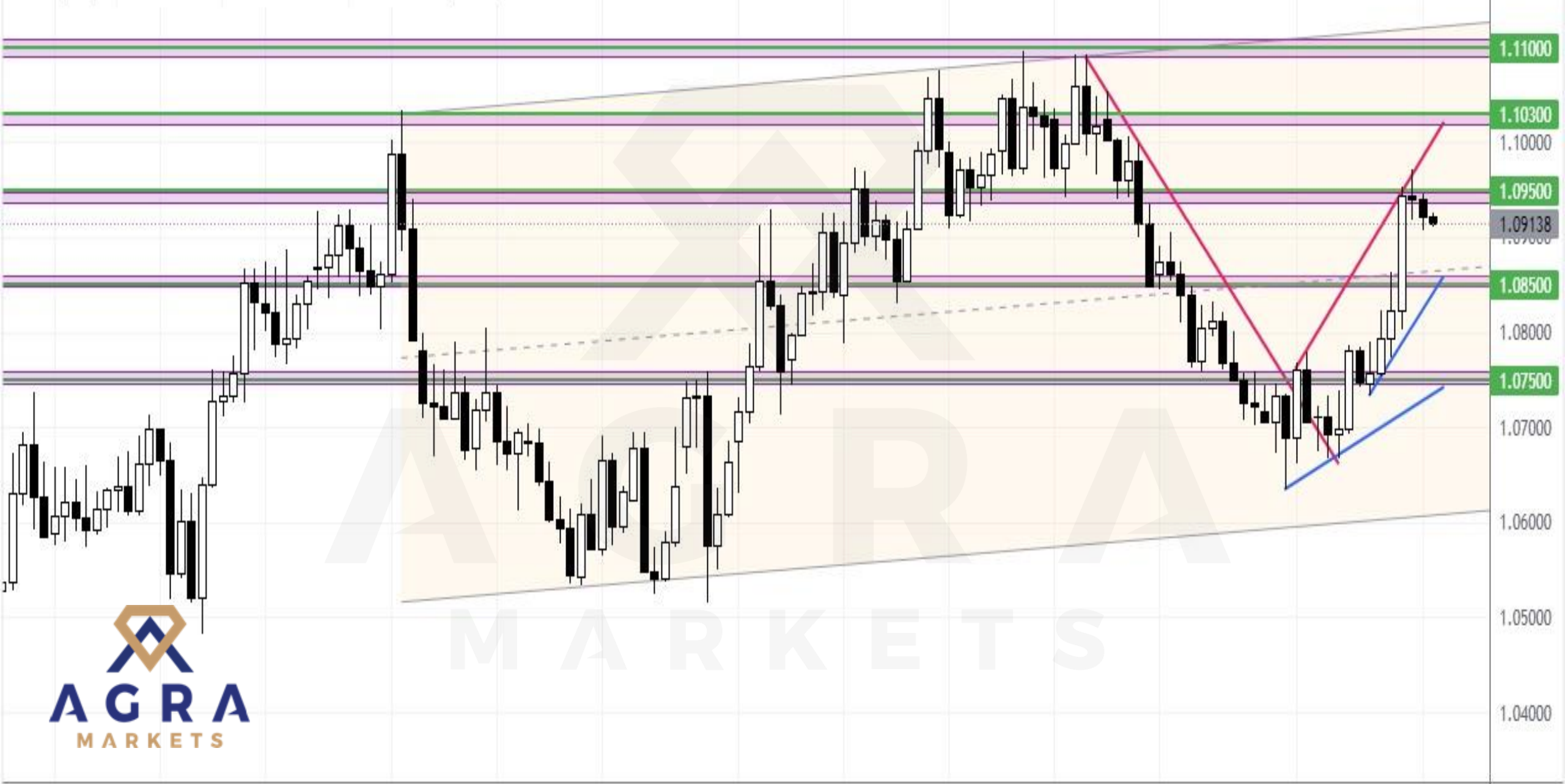
# EURUSD

- EUR/USD has shown a mild correction after printing a monthly high at 1.0970 on Friday.
- More interest rate hikes are anticipated from the European Central Bank (ECB) despite a threat to economic prospects. ECB President Christine Lagarde has confirmed that more interest rates are in the pipeline due to persistence in core inflation. This, in turn, could offer support to the shared currency.
- A less-confident pullback move towards the support of 1.0850 will be an optimal buying opportunity for investors, which will drive the major towards Feb 02 high, around 1.1030. In an alternate scenario, a breakdown below the 1.0850 support will drag the shared currency pair toward the uptrend line near 1.0750.



EURUSD, 1D, O1.09212 H1.09263 L1.09105 C1.09138 -0.00074 (-0.07%)

USD



19 2023 16 Feb 15 Mar 20 Apr 17 May 15 Jun 19

EURUSD, 4h, O1.09200 H1.09238 L1.09105 C1.09139 -0.00061 (-0.06%)



8 13:00 15 13:00 22 13:00 29 Jun 6 12 13:00 19 13:00



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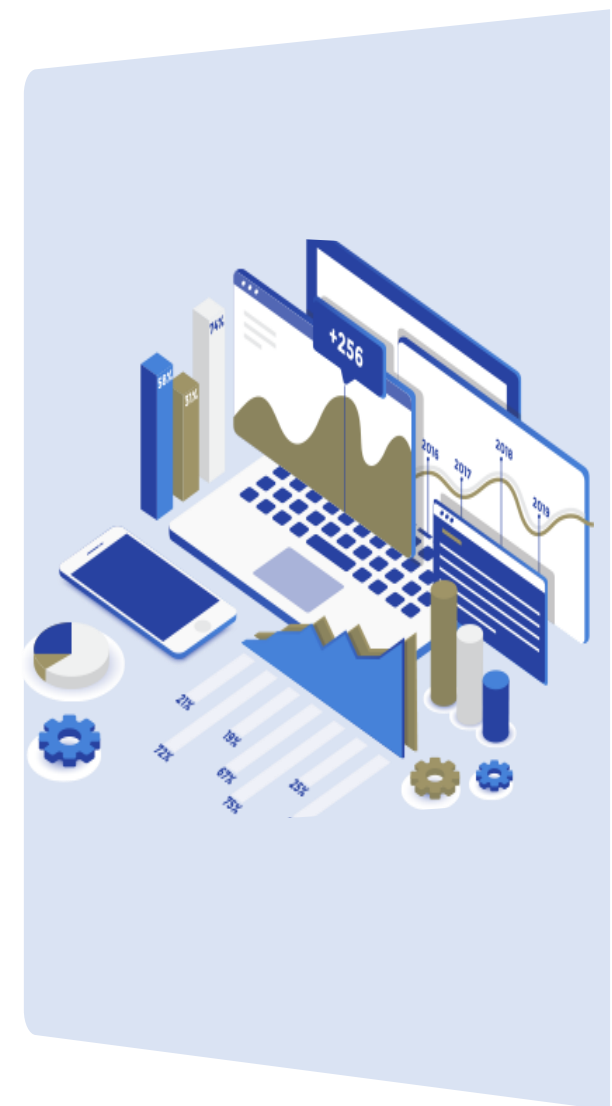
# GBPUSD

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# GBPUSD

- The GBP/USD pair attracts some sellers for the second successive day on Tuesday and remains on the defensive heading into the European session.
- Expectations that the Bank of England (BoE) will be far more aggressive in policy tightening to combat high inflation should limit losses for the GBP/USD pair. This might hold back traders from placing fresh bets ahead of the UK consumer inflation figures on Wednesday and the BoE meeting on Thursday.
- The cable is expected to find significant bids around the 4-hour uptrend line and resume its upside journey to the level of 1.2830, followed by the upward-sloping resistance line plotted from Apr 04 high. Alternatively, sustained weakness below the aforementioned support area will pave the way for additional losses towards the 1.2700 level.



GBPUSD, 1D, O1.27892 H1.28067 L1.27765 C1.27837 -0.00055 (-0.04%)

USD



6 Dec 16 2023 17 Feb Mar 16 Apr May 16 Jun 16 Ju

1.30000  
1.29000  
1.28300  
1.27837  
1.27000  
1.26000  
1.25000  
1.24000  
1.23000  
1.22000  
1.21000  
1.20000  
1.19000  
1.18000  
1.17000

GBPUSD, 4h, O1.28017 H1.28048 L1.27814 C1.27825 -0.00192 (-0.15%)

USD



1.30000  
1.29000  
1.28300  
1.28000  
1.27825  
1.27000  
1.26000  
1.25000  
1.24000  
1.23000  
1.22000  
1.21000



24 May 8 15 22 29 Jun 6 12 19



# USDJPY



FOREX



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BB

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# USDJPY

- The USD/JPY pair reverses an intraday dip and trades just below its highest level since November 2022 touched earlier this Tuesday.
- The Japanese (JPY) continues with its relative underperformance in the wake of a big divergence in the monetary policy stance adopted by the Bank of Japan (BoJ) and other major central banks, including the US Federal Reserve (Fed). It is worth recalling that the BoJ on Friday kept intact its view that inflation will slow later this year, underscoring its focus on supporting a fragile economic recovery on the back of global uncertainty.
- The bulls currently aim the level of 142.50 as an immediate target during the further advances. A breach of the latter will drive the pair towards the red upward-sloping resistance line. Meanwhile, pullback moves will be limited by the broken upper band of the daily bullish channel before the support of 140.50.



USDJPY, 1D, O141.994 H142.256 L141.584 C142.054 +0.059 (+0.04%)

JPY



Dec 2023 17 Feb 16 Mar 16 Apr 16 May 16 Jun 16

USDJPY, 4h, O142.102 H142.256 L141.584 C142.060 -0.042 (-0.03%)

JPY



AGRA MARKETS



# XAUUSD



FOREX



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# XAUUSD

- Gold prices held steady on Tuesday as investors maintained a cautious stance ahead of U.S. Federal Reserve Chair Jerome Powell's testimony later this week while taking stock of poor risk appetite in the broader market.
- The precious metal has been very choppy over the past month and recent economic data and central-bank decisions haven't enabled it to break out of its tight range in either direction. Gold has been trapped mostly between \$1,940 and \$1,980 and is showing few signs of changing that in the near future.
- As illustrated on the 4-hour chart, the price is trapped between support and resistance. Should the asset oversteps the level of \$1,960, a bullish reveal will be witnessed which will send the precious metal towards the resistance of \$1,980. On the contrary, the price will find initiative selling if it slips below \$1,940, which will send the asset towards \$1,920.



XAUUSD, 1D, O1950.420 H1954.225 L1945.215 C1950.200 -0.220 (-0.01%)



USD  
2070.000  
2060.000  
2040.000  
2035.000  
2020.000  
2010.000  
2000.000  
1980.000  
1960.000  
1950.200  
1940.000  
1920.000  
1900.000  
1880.000  
1860.000  
1840.000  
1820.000



16 Feb 14 Mar 20 Apr 17 May 15 Jun 19

XAUUSD, 4h, O1949.960 H1950.415 L1949.605 C1950.010 +0.050 (+0.00%)

USD



17 24 May 8 15 22 26 Jun 13:00 12 19



+  
S&P  
+



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# S&P

- Stock indexes on Friday gave up early gains and settled moderately lower. An increase in bond yields on Friday pressured technology stocks and fueled long liquidation in the stock indexes.
- Bond yields rose on hawkish comments Friday from Richmond Fed President Barkin, who said inflation is "too high and stubbornly persistent," and he's comfortable tightening monetary policy further to reduce inflation and slow a resilient U.S. economy and labor market.
- Market volatility increased Friday as June stock futures and options contracts expired in the quarterly event known as Triple Witching.
- The S&P 500 Index finished modestly lower Friday, however, scored weekly gains. A pullback move to the support of \$ 4,400 will activate a bargain buy. An occurrence of the same will drive the index towards the top of the daily bullish channel at \$ 4,500. On the flip side, should the S&P 500 drop below the short-term uptrend line, it will be reduced to \$4,300.



SPX, 1D, O4440.95 H4448.47 L4407.44 C4409.60 -16.25 (-0.37%)



SPX, 4h, O4431.53 H4432.19 L4407.44 C4409.60 -21.87 (-0.49%)

USD



Dec 15 2023 18 Feb 20 Mar 20 Apr 15 May 15 Jun 15



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