



Market *Analysis*

17/08/2023

NEWS ANALYSIS

- The dollar index Wednesday rose by +0.27% and posted a 1-1/4 month high. Higher T-note yields Wednesday supported moderate gains in the dollar. Also, the fall in the S&P 500 to a 5-week low sparked liquidity demand for the dollar. In addition, weakness in the yuan was bullish for the dollar after the yuan dropped to a 9-1/4 month low against the dollar on Chinese economic concerns. Gains in the dollar accelerated Wednesday afternoon when the minutes of the July FOMC meeting stated policymakers saw “significant” inflation risks that may merit more rate hikes.
- The July 25-26 FOMC meeting minutes were hawkish for Fed policy and bullish for the dollar as they stated, "most participants continued to see significant upside risks to inflation, which could require further tightening of monetary policy. " However, some participants flagged the economic risks of pushing rates too far, emphasizing that future rate decisions would depend on incoming data. Investors now look ahead to the latest weekly jobless claims report on Thursday to guide the economic and monetary policy outlook.
- We've got the U.S. staying really resilient still, under the weight of high-interest rates. Even though inflation has come down a long way, it is still some way away from (the Fed's) 2% target, so we think the FOMC will have to be patient and maintain monetary policy at a restrictive level in order to win that last mile against inflation





EURUSD



FOREX



NG



ES



CT



BB

MetaTrader4



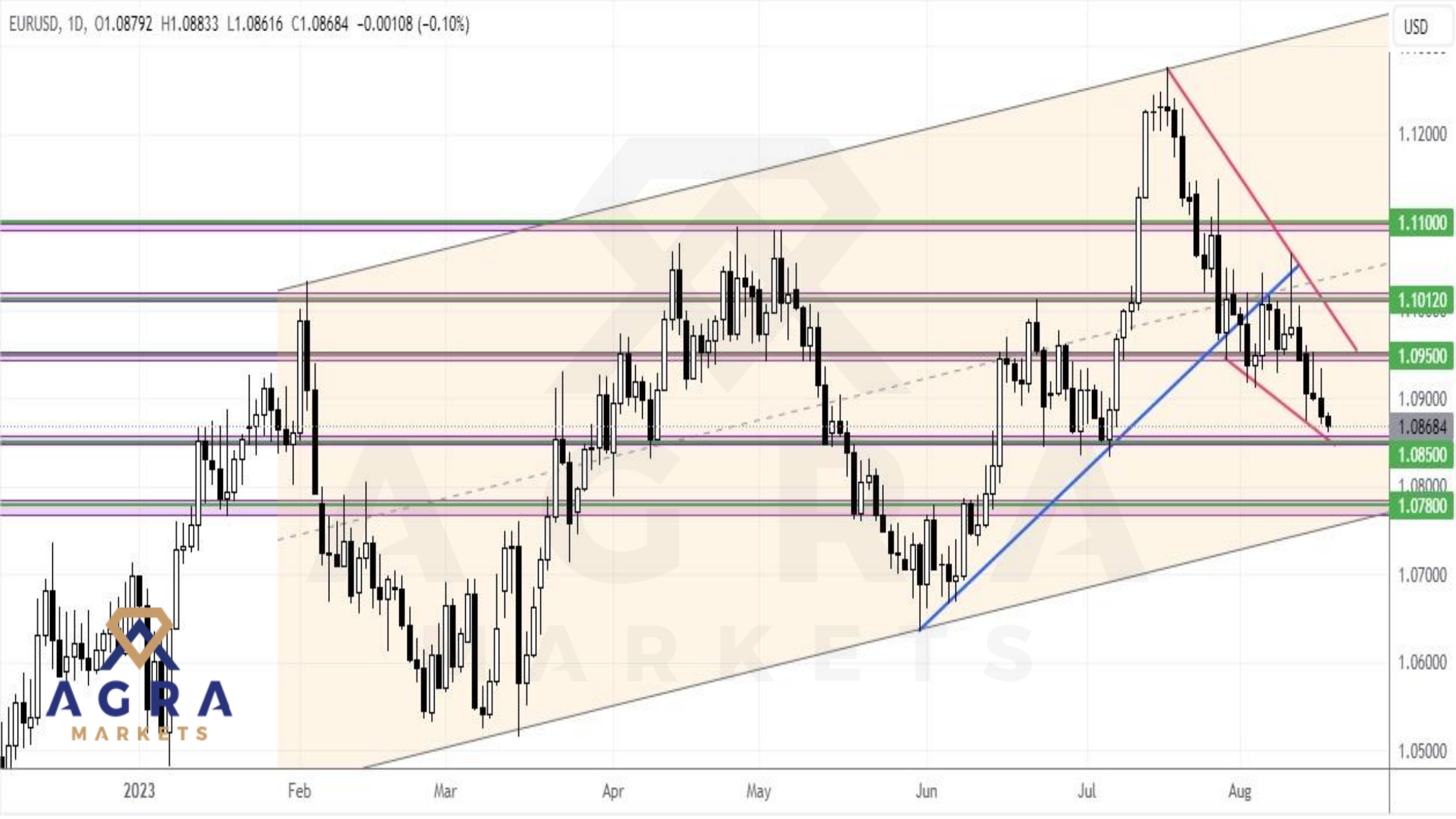
EURUSD

- The EUR/USD pair extended its slide into a fifth straight day on Thursday after having failed to reclaim 1.0950.
- On Wednesday, the preliminary Eurozone Gross Domestic Product (GDP) for the second quarter came in at 0.3% and 0.6% YoY, matching expectations. Meanwhile, Eurozone Industrial Production for June MoM improved to 0.5% versus -0.1% market consensus and 0.0% prior. The monthly Industrial Output data rose by 0.5% versus the estimation of a 0.1% decline.
- However, the stronger-than-expected data from the Eurozone failed to lift the Euro against its rivals as the prospects for economic growth and inflation are still uncertain.
- The bears are likely to drift the asset lower to the support of 1.0850. A breach of the latter will drag the fiber towards Jun 02 high, around 1.0780. Meanwhile, the resistance of 1.0950 will prevent the immediate upside of EUR/USD ahead of the short-term downtrend line.



EURUSD, 1D, O1.08792 H1.08833 L1.08616 C1.08684 -0.00108 (-0.10%)

USD



2023

Feb

Mar

Apr

May

Jun

Jul

Aug

1.07000

1.06000

1.05000

EURUSD, 4h, O1.08684 H1.08692 L1.08659 C1.08684 0.00000 (0.00%)

USD



13:00 10 13:00 17 13:00 24 27 Aug 7 13:00 14 13:00

1.08000
1.07800



+

GBPUSD

+



FOREX



NG



ES



CT

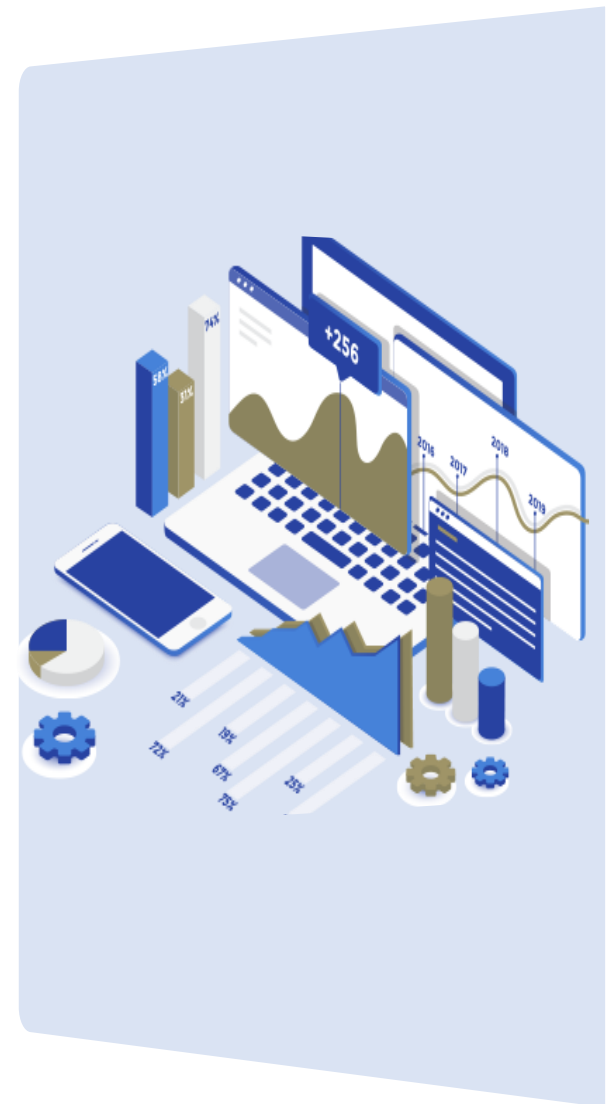


BB



GBPUSD

- The GBP/USD pair edges lower after hitting the downtrend line while trapped between there and the support of 1.2680.
- The downside for the GBP/USD pair seems cushioned, at least for the time being, amid growing acceptance that the UK central bank will raise interest rates again at its next monetary policy meeting in September. The expectations were reaffirmed by stronger UK wage growth data released on Tuesday, which added to worries about long-term inflation. This, along with the upbeat UK GDP report released last week and Wednesday's slightly higher-than-expected UK CPI print, should allow the BoE to continue tightening its monetary policy.
- Bulls need to surpass the downtrend line to accelerate the upside to 1.2850. A breach of the latter will drive the cable to 1.3000, followed by the mid-July high, surrounding 1.3150. Alternatively, a breach below the support of 1.2680 will drag the major to Monday's low.



GBPUSD, 1D, O1.27310 H1.27330 L1.27110 C1.27239 -0.00071 (-0.06%)

USD



1.31500
1.31000
1.30000
1.29000
1.28500
1.28000
1.27239
1.26800
1.26000
1.25500
1.25000
1.24500
1.24000
1.23000
1.22000
1.21000
1.20000
1.19000
1.18000



Dec 2023 Feb Mar Apr May Jun Jul Aug

GBPUSD, 4h, O1.27228 H1.27260 L1.27208 C1.27244 +0.00016 (+0.01%)

USD



13:00 10 13:00 17 13:00 24 27 Aug 7 13:00 14 13:00

1.31500
1.31000
1.30500
1.30000
1.29500
1.29000
1.28500
1.28000
1.27500
1.27244
1.27000
1.26800
1.26500
1.26000
1.25500



USDJPY



USDJPY

- USD/JPY is displaying a minor correction after printing an intraday high of 146.56 in the Asian session. That said, broad risk aversion and hawkish Fed concerns underpin the major currency pair's run-up early Thursday.
- Earlier in the day, Japan marked the mixed prints of Merchandise Trade Balance for July and upbeat Machinery Orders for June, which in turn defends the Bank of Japan (BoJ) officials' support for the ultra-easy monetary policy.
- The short-term uptrend line near 145.90 is expected to prevent the pullback move and direct the asset towards the top of the daily bullish channel, near 148.00. On the contrary, should the yen pair drop below 145.90, the sellers will drag the pair to Jun 30 high near 145.00.



USDJPY, 1D, O146.356 H146.564 L146.212 C146.402 +0.046 (+0.03%)

JPY



Dec 2023 Feb Mar Apr May Jun Jul Aug

USDJPY, 4h, O146.414 H146.430 L146.376 C146.411 -0.003 (-0.00%)

JPY



146.411
 145.900
 145.000
 144.000
 143.000
 142.000
 141.000
 140.000
 139.000
 138.000



13:00 10 13:00 17 13:00 24 27 Aug 7 13:00 14 13:00



+

XAUUSD

+

-  FOREX
-  NG
-  ES
-  CT
-  BB



XAUUSD

- Gold futures finished below \$1,900 Wednesday, falling for the eighth straight session to its lowest settlement in five months, pressured by higher U.S. Treasury yields. Benchmark 10-year U.S. Treasury yields hit a 10-month high, boosting the dollar to its highest level since mid-June and drawing investors away from non-interest-bearing gold.
- The path of least resistance seems to be lower for gold right now, with the U.S. economy looking better than it did three months ago and inflation seems to be coming down, and in such a situation there is less need for safe havens like gold.
- For an ideal short build-up, investors should use the pullback towards the resistance of \$1,900 and the blue downtrend line as a selling opportunity. This will drag the asset towards \$1,885. On the flip side, the yellow metal bulls will dominate the asset if it oversteps the resistance of \$1,910 and the red downtrend line. This will push the asset to reclaim the level of \$1,920.



XAUUSD, 1D, O1892.090 H1895.045 L1889.610 C1892.730 +0.640 (+0.03%)

USD
2060.000
2040.000
2020.000
2000.000
1980.000
1960.000
1940.000
1920.000
1910.000
1900.000
1892.730
1885.000
1860.000
1840.000
1820.000



Feb Mar Apr May Jun Jul Aug

XAUUSD, 4h, O1893.820 H1893.995 L1892.545 C1892.635 -1.185 (-0.06%)

USD



13:00 10 13:00 17 13:00 24 27 Aug 7 13:00 14 13:00 21



S&P

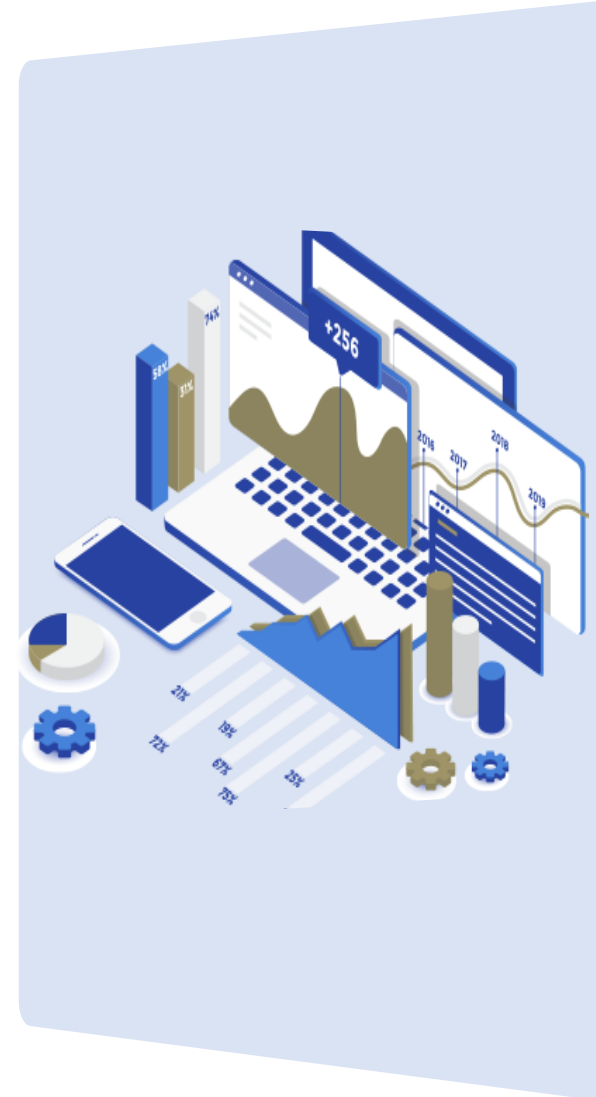


MetaTrader4



S&P

- Stocks on Wednesday gave up early gains and retreated, with the S&P 500 falling to a 5-week low, the Dow Jones Industrials falling to a 4-week low, and the Nasdaq 100 dropping to a 1-1/2 month low. Stock indexes came under pressure Wednesday afternoon when bond yields jumped after the minutes of the July 25-26 FOMC meeting stated that policymakers saw “significant” inflation risks that may merit more rate hikes. The S&P 500 Index Wednesday closed down -0.76%.
- Equities have suffered through a rough patch in August, with the S&P 500 languishing near one-month lows as data underscoring sticky inflation and a robust economy fans fears of interest rates staying elevated for longer. While investors largely expect the Fed's monetary tightening to be nearing its end, worries linger the central bank could hold rates at the current level for longer.
- The S&P 500 closed at 4,404 after a sheer downside move on Wednesday. The bears currently aim the level of 4,300 as an immediate target during the further fall. However, a confluence of the red internal downtrend line and the support of 4,400 will challenge the bears. Meanwhile, pullback moves will be limited by the resistance of 4,450.



SPX, 1D, O4433.79 H4449.95 L4403.55 C4404.32 -33.53 (-0.76%)

USD



Dec 2023 Feb Mar Apr May Jun Jul Aug

4100.00
4000.00
3900.00
3800.00

SPX, 4h, O4421.25 H4438.11 L4403.55 C4404.32 -16.96 (-0.38%)

USD



Apr 17 May 15 Jun 12 22 Jul 17 Aug 14



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