



Market *Analysis*

31/08/2023

NEWS ANALYSIS

- The dollar index on Wednesday fell by -0.36%. The dollar on Wednesday extended this week's losses down to a 2-week low. Weaker-than-expected U.S. economic news Wednesday on the Aug ADP employment change and Q2 GDP bolstered speculation that the Fed will be able to pause its rate hikes, which weighed on the dollar. Also, the strength in stocks on Wednesday reduced the liquidity demand for the dollar.
- Investors now look ahead to July personal consumption expenditures and weekly jobless claims data on Thursday for more clues on the rates path. A slew of economic data is set to roll out on Thursday, including preliminary euro zone CPI numbers and U.S. personal consumption data, with markets hankering for further inflation relief as central bank policy meetings march closer into view.
- Key developments that could influence markets on Thursday: U.S. PCE report (July), weekly jobless claims. France GDP final (Q2), consumer spending (July), producer prices (July). Unemployment rate for the eurozone (July), Germany (Aug), Italy (July). August flash CPI for the eurozone, France, Italy. July retail sales for Germany and Switzerland.





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EURUSD

+



FOREX



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ES



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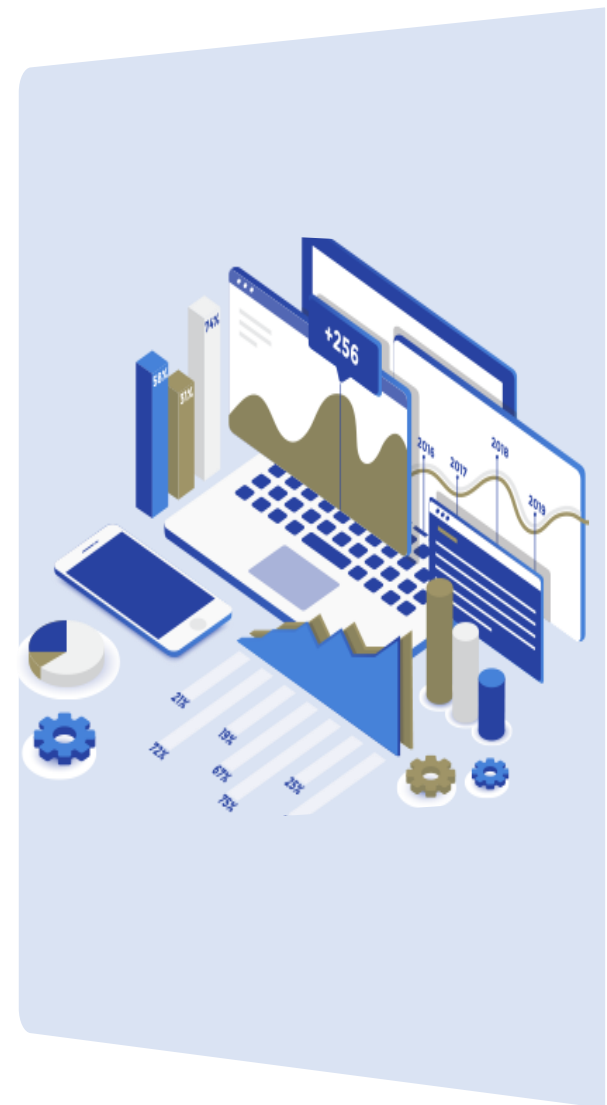


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EURUSD

- The EUR/USD pair stays depressed around 1.0920, consolidating the previous day's gains during early Thursday.
- Investors now seem convinced that the US central bank will soften its hawkish stance and the bets were lifted by the disappointing US macro data released on Wednesday.
- The shared currency, on the other hand, might continue to draw support from reviving bets for more interest rate hikes by the European Central Bank (ECB). The bets were lifted by the latest consumer inflation figures from Germany on Wednesday, which showed that the annual Harmonised Index of Consumer Prices (HICP) rose 6.4% in August as compared to 6.2% expected. Adding to this, the core inflation rate, which excludes volatile items such as food and energy, remained unchanged from July.
- Bulls need to surpass the 1.0930 level to accelerate the upside to 1.1020. On the contrary, bears could regain control if the asset drops below the previous day's low, around 1.0850. This will drag the fiber to the bottom of the daily bullish channel at 1.0780.



EURUSD, 1D, O1.09231 H1.09395 L1.09167 C1.09171 -0.00060 (-0.05%)



2023 Feb Mar Apr May Jun Jul Aug Sep

USD
1.13000
1.12000
1.11000
1.10200
1.10000
1.09300
1.09171
1.09000
1.08500
1.08000
1.07800
1.07000
1.06000
1.05000

EURUSD, 4h, O1.09185 H1.09193 L1.09167 C1.09170 -0.00015 (-0.01%)

USD



10 17 24 27 Aug 7 14 21 28 Sep



+

GBPUSD

+



FOREX



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MetaTrader4

GBPUSD

- GBP/USD bulls take a breather around 1.2720 during early Thursday after three consecutive days of rising.
- The GBP/USD pair holds gains inspired by bullish market sentiment and expectations that the 15th consecutive interest rate hike by the BoE will neutralize its policy divergence with the US Federal Reserve (Fed).
- UK's business confidence saw a surprising boost in August as firms hope that interest rates by the central bank will peak sooner. Corporations seem confident about the economic outlook and conveyed that wage growth will continue to remain strong and prices of goods and services at factory gates will elevate further. This could add worries for BoE policymakers, who are working relentlessly to achieve price stability.
- Bulls will likely drive the asset higher to the downtrend line drawn from Aug 10, near 1.2760. A breach of the latter will pave the way for additional gains to 1.2850. On the downside, 1.2680 aligns as the first support before 1.2600.



GBPUSD, 1D, O1.27205 H1.27342 L1.27066 C1.27192 -0.00013 (-0.01%)

USD



1.31000
1.30000
1.29000
1.28500
1.28000
1.27192
1.26800
1.26000
1.25000
1.24000
1.23000
1.22000
1.21000

Feb Mar 16 Apr May 16 Jun 16 Jul Aug 16 Sep



MARKETS

GBPUSD, 4h, O1.27234 H1.27244 L1.27188 C1.27191 -0.00043 (-0.03%)

USD



19 26 Jul 10 17 24 Aug 13:00 14 21 27 Sep



+

USDJPY

+



FOREX



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USDJPY

- USD/JPY picks up bids to reverse the early-day losses around 146.00 during the initial hour of Thursday's European session. Markets turn cautious ahead of the release of the US Personal Consumption Expenditures (PCE) Price Index, the Federal Reserve (Fed) preferred gauge of inflation.
- The Japanese Retail Sales rose by 6.8% YoY in July versus 5.6% prior, better than the expectation of 5.4%. Meanwhile, the nation's Industrial Production dropped by 2.0% MoM in July from a rise of 2.4% in the previous month, compared to market consensus of a 1.4% drop.
- Bulls need to surpass the resistance of 146.50 to resume the upside move towards the level of 148.00. On the contrary, a breach of the uptrend line at 145.90, will drag the yen pair to the Jun 30 high of 145.00.



USDJPY, 1D, O146.252 H146.252 L145.754 C146.045 -0.208 (-0.14%)

JPY



148.000

146.500

146.045

145.900

145.000

144.000

142.000

140.000

138.000

136.000

134.000

132.000

130.000



2023

Feb

Mar

Apr

May

Jun

Jul

Aug

Sep

USDJPY, 4h, O145.882 H146.041 L145.880 C146.040 +0.158 (+0.11%)

JPY



148.000
 147.000
 146.500
 146.040
 145.900
 145.000
 144.000
 143.000
 142.000
 141.000
 140.000
 139.000
 138.000



AGRA
MARKETS

2 19 26 Jul 10 17 24 Aug 13:00 14 21 27 Sep



XAUUSD



MetaTrader4



XAUUSD

- Gold prices firmed near one-month highs on Thursday as a fresh set of soft U.S. data added to expectations that the Federal Reserve will pause rate hikes this year, although inflation readings due later in the day could change this outlook.
- The bad news was good...The subsequent risk-on tone helped boost sentiment across commodities. The dollar also reversed earlier gains while U.S. Treasury yields dipped. Bond yields move inversely to prices, and lower yields tend to boost the appeal of the non-interest-bearing metal.
- The precious metal is trading below the critical resistance of \$1,950 and the blue downtrend line. If bears consider this zone a selling opportunity, they will drag the asset towards \$1,940. A breach of the latter will drive the yellow metal to the level of \$1,925. On the flip side, Gold bears can lose strength if the asset surpasses the downtrend line, and buyers will take control.



XAUUSD, 1D, O1942.425 H1947.805 L1942.425 C1945.405 +2.980 (+0.15%)

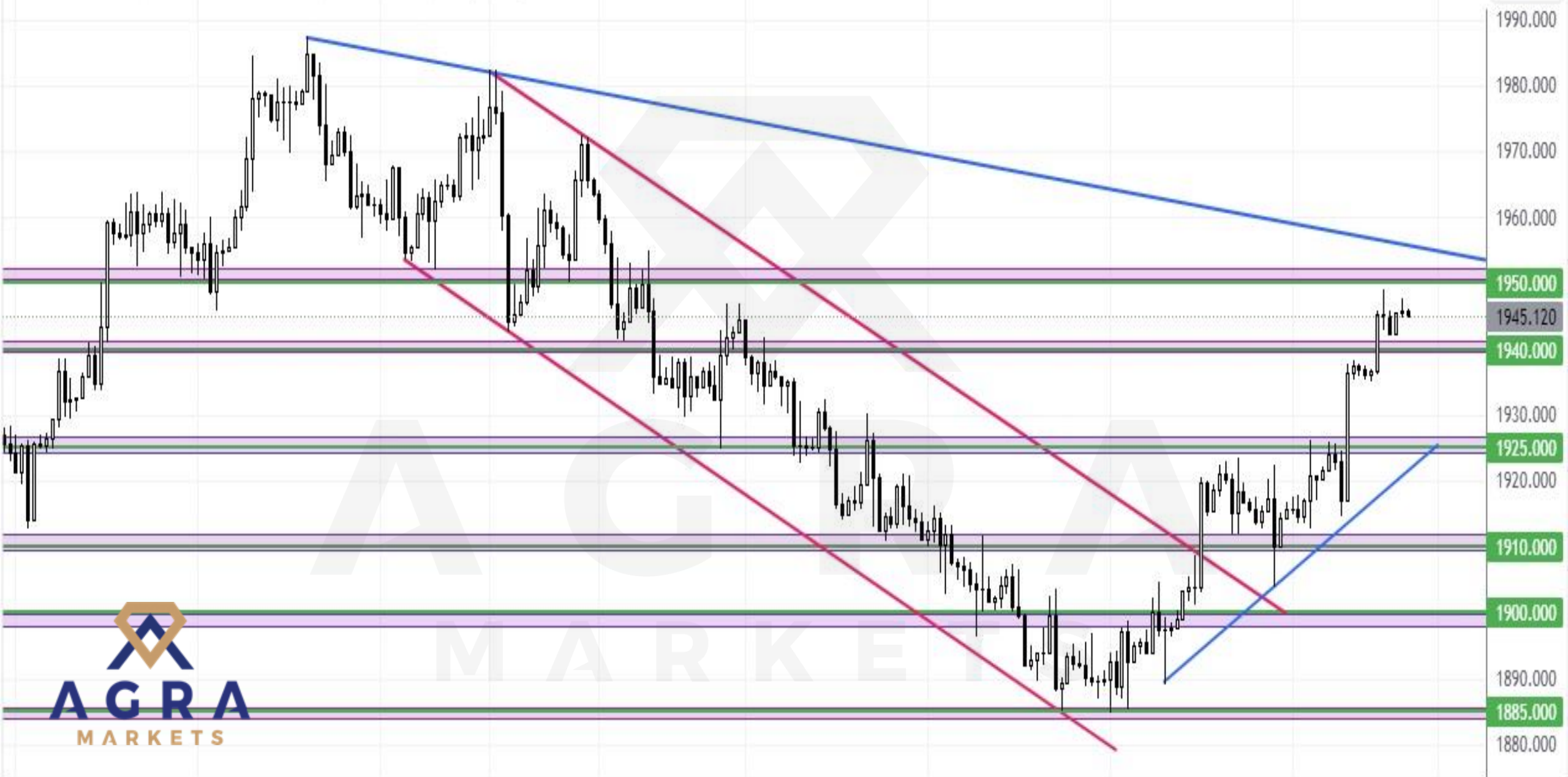
USD
2000.000
2040.000
2080.000
2120.000
2160.000
2200.000
2240.000
2280.000
2320.000
2360.000
2400.000



Feb Mar Apr May Jun Jul Aug Sep

XAUUSD, 4h, O1945.825 H1946.015 L1944.770 C1945.120 -0.705 (-0.04%)

USD



10 17 24 27 Aug 7 14 21 28 Sep



S&P



MetaTrader4



S&P

- Stocks on Wednesday posted moderate gains, with the S&P 500 climbing to a 2-1/2 week high, the Dow Jones Industrials rising to a 2-week high, and the Nasdaq 100 climbing to a 3-1/2 week high. Stocks found support Wednesday from weaker-than-expected U.S. economic news on August ADP employment and Q2 GDP, which knocked bond yields lower and bolstered speculation the Fed is approaching the end of its interest rate hikes. The S&P 500 Index Wednesday closed up +0.38%.
- Deflation came across China's consumer prices, as the world's second-largest economy is struggling to boost demand after the pandemic slump. While the Federal Reserve and European Central Bank are grappling with stubborn core inflation, may China export deflation to the rest of the world and assist in the possibility for a soft landing of the economy? Central banks know that they cannot rely only on China's deflationary forces to get their job done, thus they believe there is probably still some work to do before getting ready to wrap up their most aggressive interest rate hike cycle in history.
- The S&P 500 closed below the resistance of 4,530 on Wednesday. The next line of defense for sellers is placed at around 4,600. Alternatively, pullback moves may initially aim for the level of 4,450 before testing the uptrend line at around 4,400.



SPX, 1D, O4500.34 H4521.65 L4493.59 C4514.88 +17.24 (+0.38%)

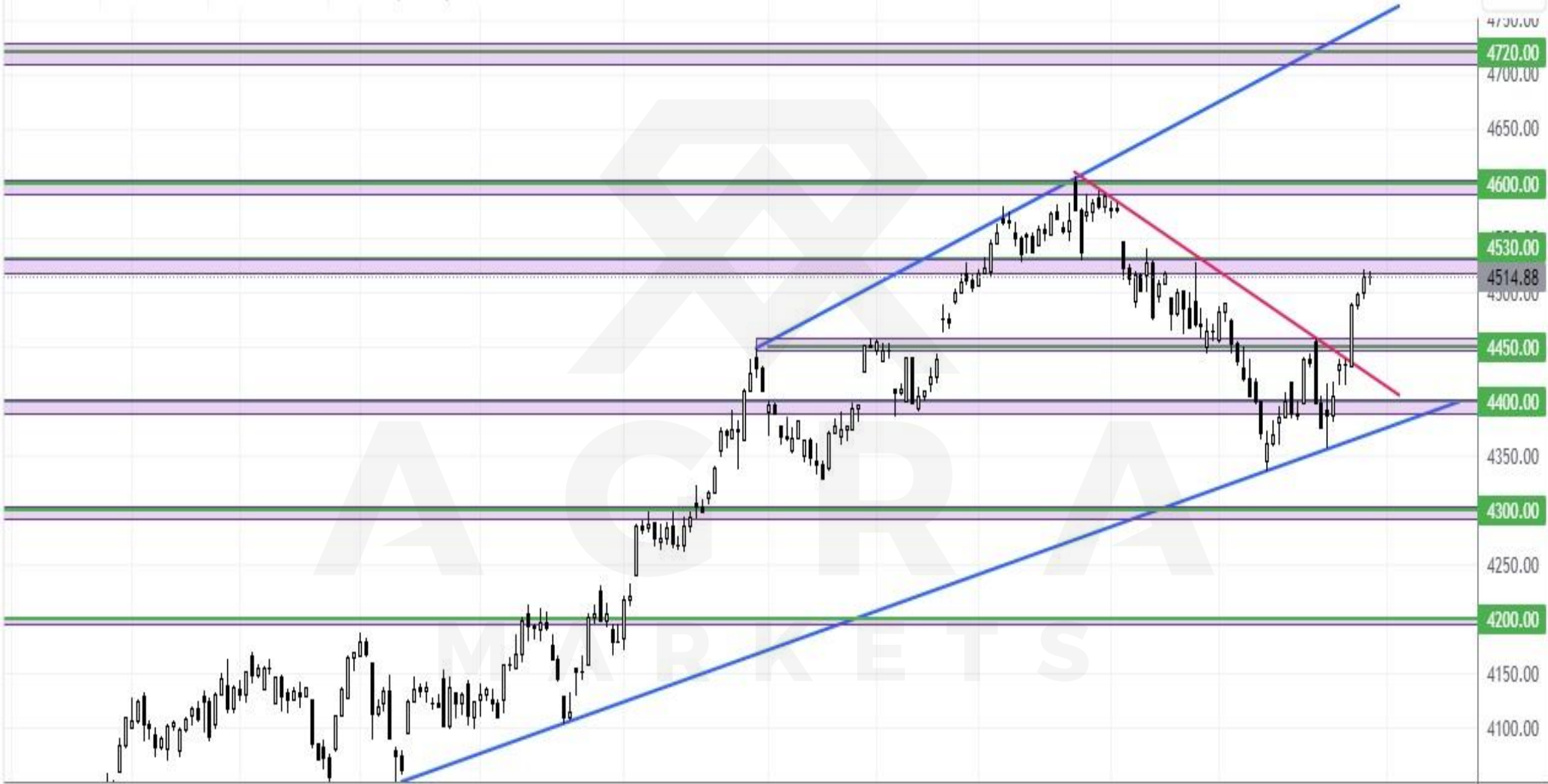
USD



Oct Nov Dec 2023 Feb Mar Apr May Jun Jul Aug Sep

SPX, 4h, O4515.19 H4519.24 L4505.88 C4514.88 -0.32 (-0.01%)

USD
4700.00
4720.00
4700.00
4650.00
4600.00
4530.00
4514.88
4300.00
4450.00
4400.00
4350.00
4300.00
4250.00
4200.00
4150.00
4100.00



20 Apr 17 May 15 Jun 20 Jul 17 Aug 14 Sep



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