



Market *Analysis*

07/09/2023

NEWS ANALYSIS

- The dollar index Wednesday rose +0.07% and posted a new 5-1/2 month high. The dollar recovered from overnight losses and moved slightly higher as T-note yields climbed on the stronger-than-expected Aug ISM services report. Also, hawkish comments from Boston Fed President Collins supported the dollar. In addition, Chinese economic concerns weighed on the yuan, which fell to a 10-month low against the dollar Wednesday.
- The ISM Services PMI in the US unexpectedly jumped to 54.5 in August, pointing to the strongest growth in the services sector in six months and posting well above forecasts of 52.5. Markets are now seeing a hawkish pause from the Federal Reserve this month, where it could signal a potential rate increase in the next meeting.
- Those thinking of a (U.S.) recession in the near term might be a little bit disappointed. However, the Beige Book ... wasn't that great, actually. U.S. economic growth was modest in recent weeks, job growth was subdued, and inflation slowed in most parts of the country, the Federal Reserve report known as the Beige Book published on Wednesday showed. We think that what's really driving the dollar is not so much that the U.S. economy is doing great, but it's doing better than elsewhere.





+

EURUSD

+



FOREX



NG



ES



CT



BB



EURUSD

- The EUR/USD pair prints mild losses around 1.0720 while reversing the previous day's corrective bounce off a multi-day bottom heading into Thursday's European session.
- Mostly downbeat prints of the Eurozone statistics joined unimpressive comments from the ECB policymakers to propel the economic slowdown woes for the Old Continent, which in turn weighs on the Euro prices. Among the data, German Factory Orders and Eurozone Retail Sales recently disappointed the bloc's currency while raising doubts about ECB President Christine Lagarde's defense of hawkish bias. It's worth noting that a slew of ECB Officials crossed wires on Wednesday to mark the last-ditched efforts to showcase their capacity to lift the rates but the markets couldn't believe them more.
- A firm break below the support of 1.0700 could open the doors for additional losses towards the May 31 low, around 1.0630. On the contrary, the resistance of 1.0780 will restrict the immediate upside of the fiber ahead of 1.0850.



EURUSD, 1D, O1.07269 H1.07317 L1.07190 C1.07227 -0.00042 (-0.04%)

USD



2023 Feb Mar Apr May Jun Jul Aug Sep

EURUSD, 4h, O1.07221 H1.07317 L1.07200 C1.07222 +0.00001 (+0.00%)

USD



Jul 10 17 24 Aug 7 14 21 28 Sep



+

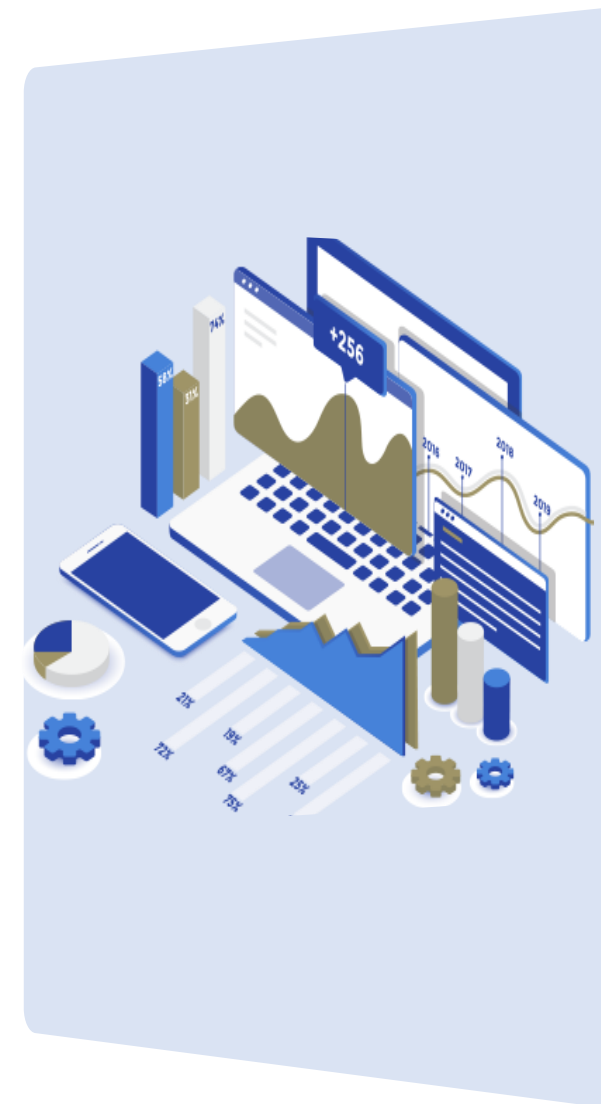
GBPUSD

+



GBPUSD

- The GBP/USD pair trades around the 1.2500 psychological mark during early Thursday, keeping the rebound from a three-month low touched the previous day.
- The British Pound (GBP) is undermined by the Bank of England (BoE) Governor Andrew Bailey's dovish signal on Wednesday, saying that the central bank is much nearer to ending its run of interest rate increases. Testifying to Parliament, Bailey and two MPC members said that the BoE is worried that further tightening could cause an unnecessarily harsh recession. This, along with USD supportive fundamental backdrop, suggests that the path of least resistance for the GBP/USD pair is to the downside.
- Sustained weakness below the support of 1.2500 will drag the cable to the 1.2400 threshold. On the contrary, bulls need to surpass the previous day's high near 1.2600 to aim for the 1.2680 level.



GBPUSD, 1D, O1.25075 H1.25075 L1.24909 C1.24964 -0.00111 (-0.09%)

USD



2023 Feb Mar Apr May Jun Jul Aug Sep

1.19000

1.20000

1.21000

1.22000

1.23000

1.24000

1.24964

1.25000

1.26000

1.26800

1.27000

1.27600

1.29000

1.30000

GBPUSD, 4h, O1.24957 H1.25061 L1.24910 C1.24964 +0.00007 (+0.01%)

USD



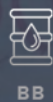
1.31000
1.30500
1.30000
1.29500
1.29000
1.28500
1.28000
1.27600
1.27000
1.26800
1.26500
1.26000
1.25500
1.25000
1.24964
1.24500
1.24000



19 26 Jul 10 17 24 Aug 13:00 14 21 27 Sep 11



USDJPY



USDJPY

- The USD/JPY pair takes offers to renew intraday low around 147.50, reversing the previous day's gains during early Thursday.
- Wednesday's Kyodo News cites anonymous sources to affirm that the Japanese government is likely to implement new economic stimulus measures in October, per Reuters. The news mentioned that the key goals of the stimulus are to support companies' wage increases and to lower energy bills.
- Additionally, Bank of Japan (BoJ) policymaker Junko Nakagawa stated that it is appropriate to maintain an easy monetary policy for the time being. He added that Japan has not yet attained the BoJ's price target stably. It's worth noting that the monetary policy divergence between the US and Japan might cap the upside of the Japanese Yen and act as a tailwind for USD/JPY for the time being.
- Bulls could aim for the level of 148.00 during further advances. A breach of the latter will direct the yen pair to the top of the daily bullish channel. Meanwhile, the support of 146.50 will restrict the immediate downside of USD/JPY before directing the bears to 145.90.



USDJPY, 1D, O147.672 H147.874 L147.522 C147.523 -0.149 (-0.10%)

JPY



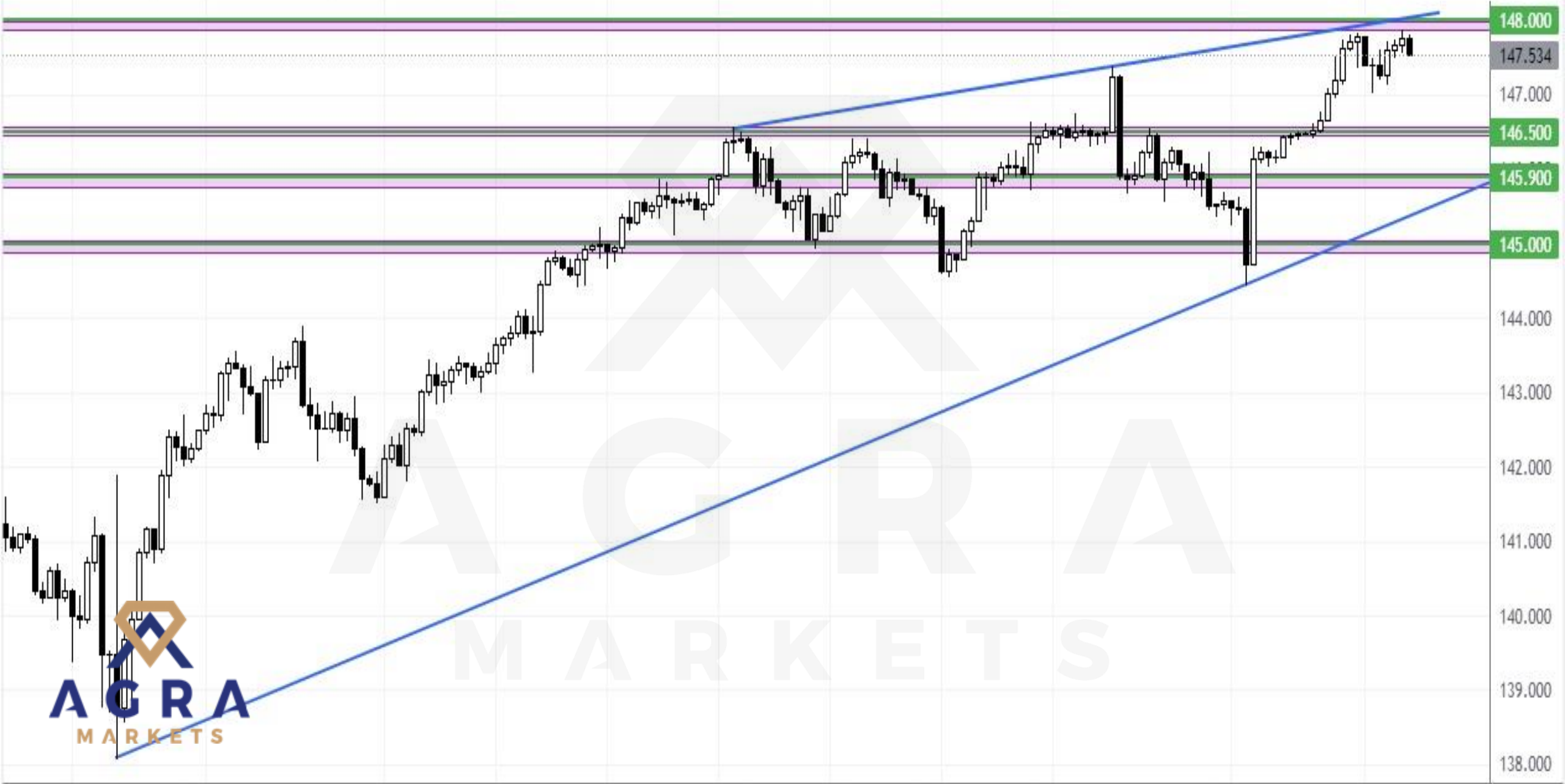
148.000
147.523
146.500
145.900
145.000
144.000
142.000
140.000
138.000
136.000
134.000
132.000
130.000

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



USDJPY, 4h, O147.761 H147.807 L147.520 C147.534 -0.227 (-0.15%)

JPY



27

Aug

7

13:00

14

13:00

21

13:00

28

Sep

6

138.000



XAUUSD



MetaTrader4



XAUUSD

- Gold held below \$1,920 an ounce on Thursday, holding a recent decline and facing pressure from a rallying dollar as stronger-than-expected US services sector data raised inflationary and rate hike concerns. Spot gold was flat at \$1,918.14 per ounce by 0535 GMT, and hovered close to its lowest level since Aug. 29 hit in the previous session. U.S. gold futures edged 0.1% lower to \$1,942.30.
- Bond yields move inversely to prices of both bonds and the precious metal. Expectations of more tightening from the Fed may also be weighing after new data overnight showed signs of strengthening in the U.S. economy. That has raised the prospect of the Fed keeping rates higher for longer, which will likely pressure gold.
- The price has returned from the blue downtrend line in the long term and now as illustrated on the 4-hour chart, the price is trapped between support and resistance. Should the precious metal break the crucial support of \$1,910, a bearish reveal will be witnessed, sending the asset towards the level of \$1,900. On the flip side, the resistance of \$1,925 seems to act as an immediate resistance, which, if cleared, might aim the next resistance at \$1,935.



XAUUSD, 1D, O1916.490 H1920.735 L1916.350 C1918.075 +1.585 (+0.08%)

USD
2060.000
2040.000
2020.000
2000.000
1980.000
1960.000
1950.000
1935.000
1925.000
1918.075
1910.000
1900.000
1885.000
1880.000
1860.000
1840.000
1820.000



023 Feb Mar Apr May Jun Jul Aug Sep

XAUUSD, 4h, O1916.860 H1920.735 L1916.685 C1918.170 +1.310 (+0.07%)

USD



10 17 24 Aug 7 14 21 28 Sep

1885.000

1890.000

1900.000

1910.000

1925.000

1935.000

1950.000

1960.000

1970.000

1980.000



S&P



MetaTrader4



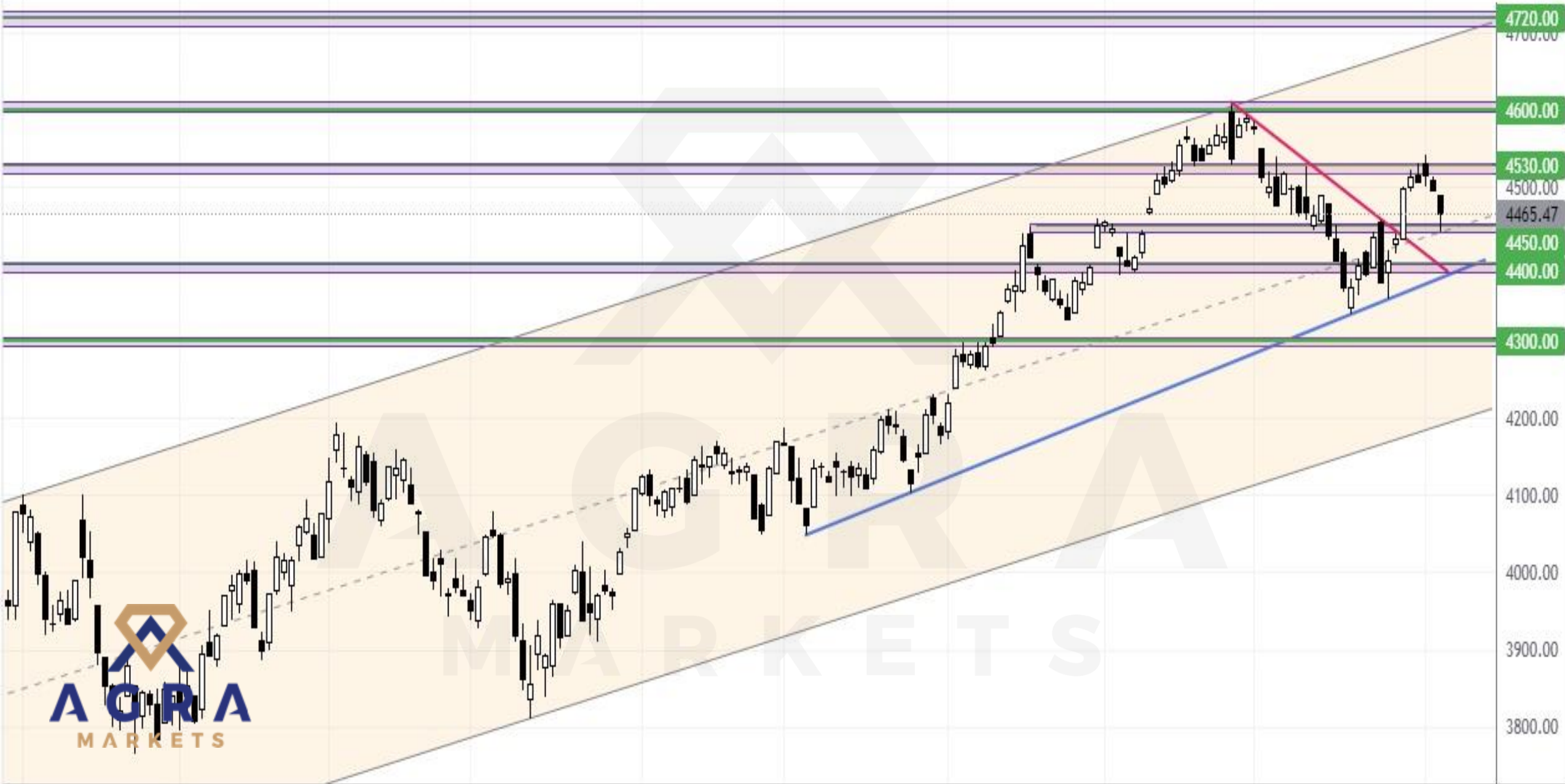
S&P

- Stocks on Wednesday posted moderate losses, with the S&P 500 and Nasdaq 100 posting 1-week lows and the Dow Jones Industrials posting a 1-1/2 week low. Stocks opened lower Wednesday on negative carryover from a fall in the Euro Stoxx 50 to a 1-1/2 week low on weaker-than-expected Eurozone economic news. The S&P 500 Index Wednesday closed down -0.70%.
- The two significant challenges facing the Fed right now are the risks that inflation could become entrenched and the risks that the consumer could falter when excess savings dry up. The yield on the benchmark U.S. 10-year Treasury note rose 3 basis points to 4.298%. The yield has risen about 21 basis points over the past three sessions, its biggest three-day gain in about a month. Some investors said the data may add to signs that interest rates could remain elevated for longer.
- It seems the S&P 500 completed its correction move to the support of 4,450 and closed above that level on Wednesday. The index is expected to find significant bids around the level of 4,450. So after the conclusion of the pullback move, the asset will resume its upside journey towards 4,530. Alternatively, if the selling pressure intensifies and the support of 4,450 is broken, then the support of 4,400 at the blue uptrend line will come into play.



SPX, 1D, O4490.35 H4490.35 L4442.38 C4465.47 -31.37 (-0.70%)

USD



Dec 2023 Feb Mar Apr May Jun Jul Aug Sep

SPX, 4h, O4452.80 H4467.44 L4452.29 C4465.47 +12.66 (+0.28%)

USD



4600.00
4560.00
4530.00
4520.00
4480.00
4465.47
4450.00
4400.00
4360.00
4320.00
4300.00
4280.00
4240.00
4200.00
4160.00
4120.00
4080.00

May 15 Jun 12 22 Jul 17 Aug 14 23 Sep





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