



Market Analysis

12/10/2023

NEWS ANALYSIS

- The dollar index on Wednesday fell by -0.04% and posted a 2-week low. Wednesday's decline in bond yields undercut the dollar as the 10-year T-note yield fell to a 2-week low. Also, strength in stocks curbed liquidity demand for the dollar. Losses in the dollar were limited after U.S. Sep PPI rose more than expected, a hawkish factor for Fed policy. Also, the Sep 19-20 FOMC meeting minutes were slightly hawkish and bullish for the dollar.
- The index also remained down for the week even after data released on Wednesday showed that US producer prices rose more than expected in September, with both the headline and core rates accelerating. Moreover, minutes of the Federal Reserve's last meeting showed the central bank is set to keep interest rates at restrictive levels for "some time" to bring inflation back within target. However, Fed officials also pointed to uncertainties around the economy, oil prices, and financial markets as supporting "the case for proceeding carefully in determining the extent of additional policy firming that may be appropriate."
- This (PPI data) is a reminder that the last mile of the fight against inflation is going to be a tough one. A downside surprise to inflation will likely support the case for the Fed to have finished its tightening cycle, thereby pulling down U.S. yields and the dollar. The dollar's recent weakness has been driven by declining Treasury yields as bond prices rallied on the Fed's softer stance on future rate hikes. Bond yields move opposite to their price.





+

EURUSD

+



EURUSD

- The EUR/USD pair is retesting the resistance of 1.0630 during early Thursday, after a brief decline below the downtrend line the previous day.
- Data released on Wednesday, along with the recent dovish remarks by several Fed officials, reaffirmed expectations that the US central bank is nearing the end of its rate-hiking cycle. The outlook is reinforced by a further decline in the US Treasury bond yields, which keeps the US Dollar (USD) depressed near a two-week low and acts as a tailwind for the EUR/USD pair.
- The markets, however, are still pricing in the possibility of at least one more Fed rate hike move by the end of this year. Apart from this, the ongoing conflict between Israel and Palestinian Islamist group Hamas lends some support to the safe-haven buck. This, along with speculations that further rate hikes by the European Central Bank (ECB) may be off the table for now, is seen contributing to capping any further gains for the major.
- The bulls need to surpass the resistance of 1.0630 to accelerate the upside to the 1.0700 level. Alternatively, bears can take control if the major plunge below the support of 1.0530. This will drag the fiber towards 1.0480 followed by 1.0400.



EURUSD, 1D, O1.06193 H1.06289 L1.06118 C1.06289 +0.00096 (+0.09%)

USD
1.13000
1.12000
1.11000
1.10000
1.09000
1.08000
1.07000
1.06300
1.06289
1.06000
1.05300
1.05000
1.04800
1.04000



Feb Mar Apr May Jun Jul Aug Sep Oct

EURUSD, 4h, O1.06223 H1.06291 L1.06201 C1.06283 +0.00060 (+0.06%)

USD





+

GBPUSD

+



GBPUSD

- The GBP/USD pair takes offers to renew its intraday high around 1.2320 after pulling back to the support of 1.2270 on Wednesday.
- The United Kingdom's (UK) industrial sector activity showed a further deterioration in August, according to the latest data published by the Office for National Statistics (ONS) on Thursday.
- Manufacturing output dropped 0.8% MoM in August versus -0.4% expected and -1.2% seen in July while total industrial output stood at -0.7% MoM vs. -0.2% expected and -1.1% previous.
- The annual UK Manufacturing Production data rose 2.8% in August, missing expectations of 3.4%. Total Industrial Output increased 1.3% in the eighth month of the year, below the 1.7% expected growth but improving slightly from the previous reading of 1.0%.
- Technically, the asset is likely to extend its upside to Sep 18 low of 1.2370. A breach of the latter will direct the cable to the 1.2450 level. On the downside, 1.2270 aligns as the first support before the uptrend line drawn from Oct 04 low.



GBPUSD, 1D, 01.23129 H1.23226 L1.22983 C1.23177 +0.00048 (+0.04%)

USD
1.32000



1.32000
1.30000
1.28000
1.26000
1.24500
1.23700
1.23177
1.22700
1.22000
1.20500
1.20000
1.18000



Dec 2023 Feb Mar Apr May Jun Jul Aug Sep Oct

GBPUSD, 4h, O1.23132 H1.23226 L1.23107 C1.23183 +0.00051 (+0.04%)



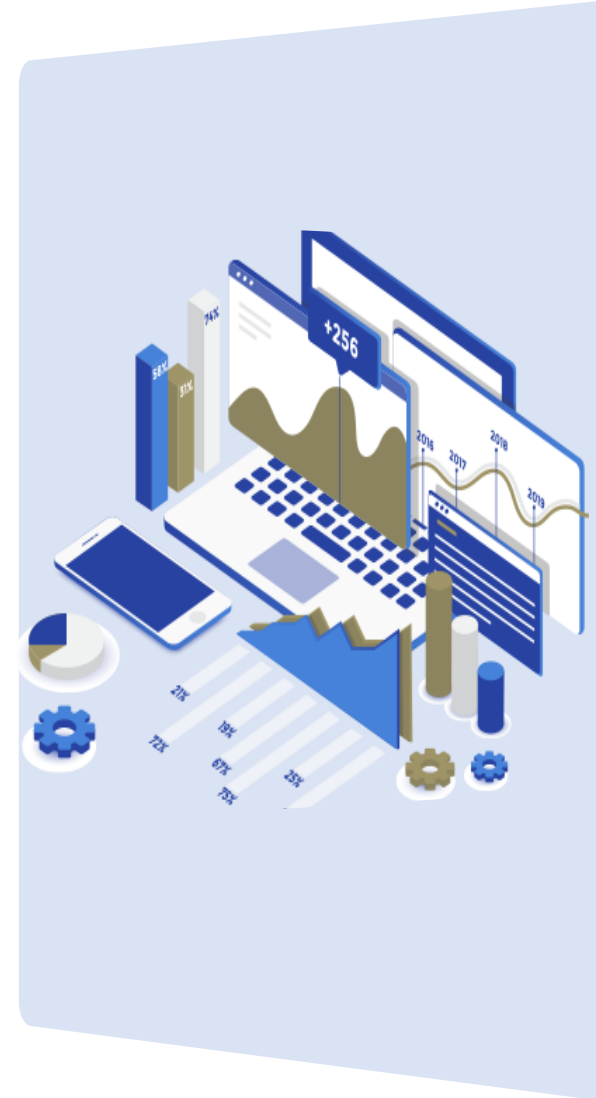
USD
1.31000
1.30000
1.29000
1.28000
1.27000
1.26000
1.25000
1.24500
1.24000
1.23700
1.23183
1.22700
1.22000
1.21000
1.20500



17 24 Aug 14 21 Sep 11 18 25 Oct 9 16

USDJPY

- USD/JPY is displaying a minor correction during early Thursday after two consecutive days of rising.
- The Japanese Yen (JPY) weakens on the Bank of Japan's (BoJ) persistent ultra-easy monetary policy. Moreover, BoJ board member Asahi Noguchi is in the spotlight on Thursday, highlighting that the central bank "cannot be optimistic about acceleration in wage growth." Noguchi attributes inflation to import price hikes, including currency factors, and mentions that there is still a considerable distance to achieving the 2% inflation target.
- The policymaker emphasizes that there is no immediate need to adjust the Yield Curve Control (YCC) policy. Noguchi underscores the importance of bringing real wages into positive territory and expresses the goal of getting wage growth closer to 3%, although he cannot specify when this might occur.
- The asset is likely to find a bullish impulsive wave after completing its correction to the resistance-turned-support of 149.00, which could drive the yen pair towards 150.50. Meanwhile, should the asset drop below 149.00, the blue uptrend line could act as the last defense for the buyers.



USDJPY, 1D, O149.180 H149.274 L148.980 C149.128 -0.053 (-0.04%)

JPY



Feb Mar Apr May Jun Jul Aug Sep Oct

151.950
150.500
150.000
149.128
149.000
148.000
146.000
145.000
144.000
142.000
140.000
138.000
136.000
134.000
132.000

USDJPY, 4h, O149.138 H149.274 L149.022 C149.104 -0.035 (-0.02%)

JPY



150.500
 150.000
 149.104
 149.000
 148.000
 147.000
 146.000
 145.000
 144.000
 143.000
 142.000

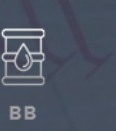


MARKETS

7 14 21 28 Sep 11 18 25 Oct 9



XAUUSD

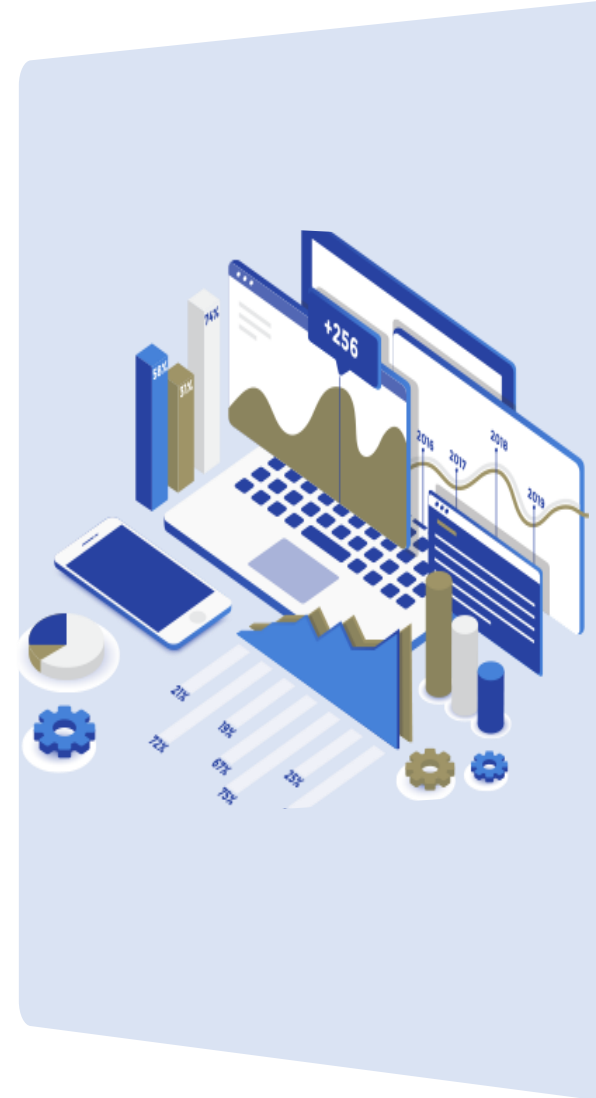


MetaTrader4



XAUUSD

- Gold prices are up over 2.3 percent this week so far, setting the stage for the best 5-day performance since the middle of March if gains are sustained. In response, retail traders have been becoming increasingly bearish as of late. This can be seen by taking a look at IG Client Sentiment (IGCS), which often functions as a contrarian indicator.
- Some encouraging signs have emerged for gold and silver, such as the recent sharp reversal in long-dated U.S. bond yields and a weaker USD. Agramarkets maintains a bullish view on gold as well as on silver and platinum, underpinned by the view that the Fed is unlikely to raise rates further as the economy starts to soften.
- The precious metal is on its way towards the resistance of \$1,885. The asset is expected to fall after meeting the level of \$1,885. In this case, the first support that comes into play is \$1,860. Alternatively, in case the yellow metal rises above \$1,885 and starts using that level as support, it could target the resistance of \$1,900.



XAUUSD, 1D, O1874.055 H1878.815 L1874.055 C1877.815 +3.760 (+0.20%)



USD
2060.000
2040.000
2020.000
2000.000
1980.000
1960.000
1940.000
1920.000
1900.000
1885.000
1877.815
1860.000
1840.000
1830.000
1820.000
1804.000
1800.000



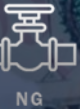
Feb Mar Apr May Jun Jul Aug Sep Oct

XAUUSD, 4h, O1875.485 H1878.815 L1874.535 C1877.795 +2.310 (+0.12%)

USD



7 14 21 28 Sep 11 18 25 Oct 9



S&P



MetaTrader4



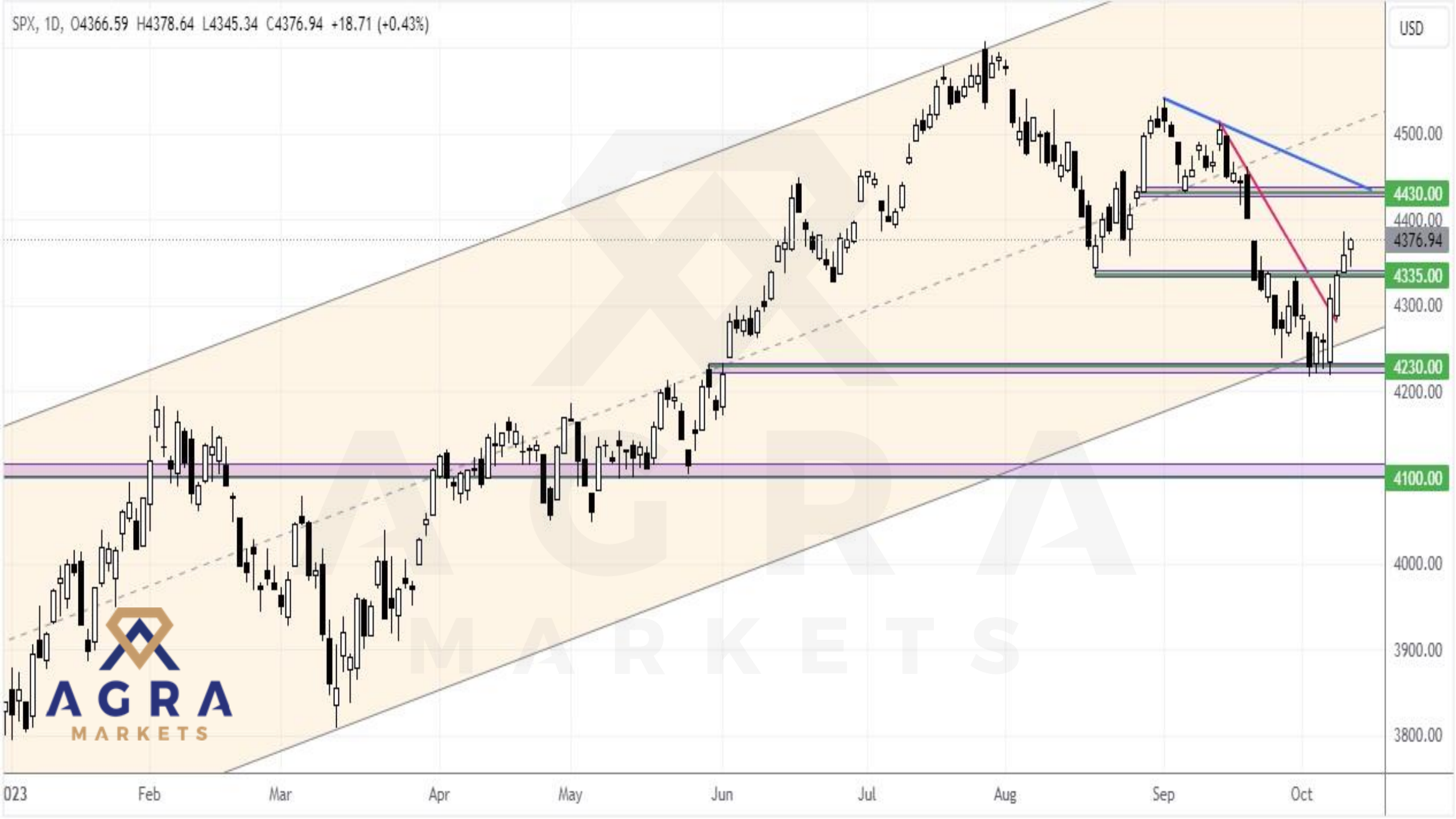
S&P

- Stocks on Wednesday closed moderately higher on a decline in bond yields after dovish Fed comments bolstered speculation the Fed is heading toward a pause in interest rate hikes. The S&P 500 Index on Wednesday closed up +0.43%. Bearish factors for stocks included the stronger-than-expected U.S. PPI report and concern the Israel-Hamas war could expand after Hezbollah militants launched missiles into Israel from Lebanon.
- Along with recent moves in interest rates and dovish comments from Fed officials in the last few days, the minutes appeared encouraging for investors. Today's release highlights the risk of over-tightening, and knowing what has happened over the past three weeks with interest rates, provides some comfort to investors that we're not going to see another rate hike. But upcoming Fed decisions will take into account consumer price index (CPI) readings for September, due out on Thursday before the market opens, as the Fed's data dependence hasn't gone away.
- The S&P 500 rose after a pullback to the support of 4,335 on Wednesday. If the bulls continue to buy, they can drag the asset towards the resistance of 4,430 and the blue downtrend line. On the contrary, in case of returning the price to 4,335 and breaking this level, bears will drive the asset towards 4,230.



SPX, 1D, O4366.59 H4378.64 L4345.34 C4376.94 +18.71 (+0.43%)

USD



023

Feb

Mar

Apr

May

Jun

Jul

Aug

Sep

Oct

3800.00

3900.00

4000.00

4100.00

4200.00

4300.00

4335.00

4400.00

4500.00



SPX, 4h, O4350.29 H4378.64 L4345.34 C4376.94 +26.66 (+0.61%)

USD



Jun 12 22 Jul 17 Aug 14 23 Sep 18 Oct 16



Trading futures, options or foreign currencies involves the risk of loss. You may lose more than the amount originally invested and, in respect of these products traded on margin, you may have to pay additional funds later. You should not invest in such products unless satisfied that they are suitable for you.

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