AGRA MARKETS

Market Analysis

24/10/2023

NEWS ANALYSIS

- The dollar index on Monday fell by -0.57% and posted a 1-week low. A decline in T-note yields Monday was bearish for the dollar. Also, a stock recovery on Monday curbed the liquidity demand for the dollar. The dollar on Monday initially found support on the jump in the 10-year T-note yield to a new 16-year high before T-note yields reversed their climb and turned lower.
- The benchmark 10-year US yield pulled back from the 5% level on Monday after Pershing Square’s Bill Ackman revealed he covered his short position on bonds due to growing geopolitical risks. Last week, Fed Chair Jerome Powell said that policy isn’t too tight right now and that the Fed is proceeding carefully and will decide on the next steps based on incoming data, the evolving outlook, and the balance of risks.
- Market attention next turns to some of the last bits of U.S. economic data before the Fed's meeting on Oct. 31 - Nov. 1, with the flash purchasing managers' index (PMI) out on Tuesday, and gross domestic product as well as another inflation report due later in the week. The PMI data could set the market expectations ahead of the GDP report.

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EURUSD

MetaTrader4

EURUSD

- The EUR/USD pair takes the bids to refresh intraday high near 1.0687 as bulls struggle to keep the reins during a four-day winning streak amid early Tuesday.

- On Monday, the preliminary Eurozone Consumer Confidence for October came in at -17.9 from the previous reading of -17.8, better than the market consensus of -18.3. Apart from this, the economists polled by Reuters anticipate the ECB's rate hiking cycle is over, but it won't be until at least July 2024 before it begins easing as the battle against elevated inflation rattles on.

- Bulls need to surpass the resistance of 1.0700 to accelerate the upside to Sep 01 low, surrounding 1.0770. On the downside, 1.0630 aligns as the first support before the lower band of the bullish channel.

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EURUSD, 1D, O1.06685 H1.06872 L1.06644 C1.06838 +0.00153 (+0.14%)
USD
1.12000
1.11000
1.10000
1.09000
1.08000
1.07700
1.07000
1.06838
1.06300
1.06000
1.05300
1.05000
1.04500
Mar
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
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EURUSD, 4h, O1.06722 H1.06872 L1.06678 C1.06830 +0.00108 (+0.10%)
USD
1.07700
1.07500
1.07000
1.06830
1.06500
1.06300
1.06000
1.05500
1.05300
1.05000
1.04500
13:00
18
13:00
25
13:00
Oct
13:00
9
13:00
16
13:00
23
26
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GBPUSD

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GBPUSD

- The GBP/USD extends its upside to near 1.2265 during early Tuesday amid improved market sentiment and better-than-anticipated employment data.

- The UK Office for National Statistics (ONS) reported that the labor market shed jobs for the third time in a row in the quarter to August, but the number of jobs lost was lower than expected. Moreover, the Unemployment Rate fell and remained below the expectations, indicating stable labor market conditions.

- Investors shift their focus towards the next BoE's interest rate decision, which will be announced on November 2. The BoE is expected to keep interest rates steady at 5.25% as weakening signs for the economy mount.

- Sustained strength above the resistance of 1.2330 will pave the way for additional gains to the 1.2450 level. Meanwhile, the broken uptrend line will challenge the immediate downside of the GBP/USD ahead of the 1.2200 support.

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GBPUSD, 1D, O1.22484 H1.22737 L1.22327 C1.22657 +0.00173 (+0.14%)
USD
1.31000
1.30000
1.29000
1.28000
1.27000
1.26000
1.25000
1.24500
1.24000
1.23300
1.22657
1.22000
1.21000
1.20500
1.20000
1.19000
1.18000
1.17000
Feb
Mar
Apr
May
Jun
Jul
Aug
Sep
Oct
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GBPUSD, 4h, O1.22551 H1.22737 L1.22485 C1.22651 +0.00100 (+0.08%)
USD
1.25500
1.25000
1.24500
1.24000
1.23500
1.23300
1.23000
1.22651
1.22500
1.22000
1.21500
1.21000
1.20500
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USDJPY

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USDJPY

- The USD/JPY pair is under pressure around 149.57, keeping the week-start pullback from the key horizontal resistance heading into Tuesday's European session.

- Bank of Japan (BoJ) announced on Tuesday that it will conduct an unscheduled bond operation on Wednesday, offering to buy JPY300 billion yen ($2.00 billion) in Japanese governemnt bonds (JGBs) with maturities of five to 10 years and 100 billion yen worth with maturities of 10-25 years.

- The blue uptrend line could challenge the immediate downside and direct the ninja to Oct 03 high of 150.16. A breach of the latter will drive the yen pair to 21 Oct 2022 high, around 151.95. On the contrary, the sellers need a sustained move below the support of 149.00 to retake control.

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USDJPY, 1D, O149.708 H149.792 L149.500 C149.577 −0.131 (−0.09%)
JPY
151.950
150.160
149.577
149.000
148.000
147.500
146.000
144.000
142.000
140.000
138.000
136.000
134.000
132.000
Mar
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
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USDJPY, 4h, O149.682 H149.703 L149.500 C149.577 -0.105 (-0.07%)
JPY
150.160
149.577
149.000
148.000
147.500
147.000
146.000
145.000
144.000
143.000
142.000
13:00
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XAUUSD

FOREX NG ES CT BB

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XAUUSD

- Gold firmed up above $1,970 an ounce on Tuesday, hovering near its highest levels in five months as Treasury yields declined. Moreover, gold remained supported by concerns that the Israel-Hamas war could escalate into a wider conflict in the Middle East. Israel continued its bombardment of Gaza on Monday as its soldiers fought Hamas militants during raids into the besieged Palestinian strip.

- Gold regained its losses after the yield on 10-year U.S. Treasurys fell almost 20 bps into the close. The rebound is also aided by Cleveland Fed President Loretta Mester suggesting the central bank is close to wrapping up its tightening cycle if the economy evolves as expected. Gold's path to $2,100 remains intact, but a modest pullback could see the downside target at the $1,960 level if the bond-market selloff doesn't ease and the Israel-Hamas conflict doesn't see a major escalation before the end of the month.

- After hitting the support of $1,963, the precious metal has risen and is trading around $1,976 at the press time. As illustrated on the 4-hour chart the price is trapped between the support of $1,963 and the level of $1,985. If the yellow metal rises above $1,985 and starts using that level as a support, it could target $2,000. Alternatively, bears can take control if Gold plunges below $1,963. This will drive the asset towards $1,950.

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XAUUSD, 1D, O1972.840 H1980.900 L1971.455 C1977.100 +4.260 (+0.22%)
USD
2040.000
2015.000
2000.000
1985.000
1977.100
1963.000
1950.000
1935.000
1920.000
1900.000
1880.000
1860.000
1840.000
1820.000
Apr
May
16
Jun
16
Jul
Aug
16
Sep
Oct
17
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XAUUSD, 4h, O1973.910 H1980.900 L1973.910 C1976.995 +3.085 (+0.16%)
USD
1985.000
1976.995
1963.000
1950.000
1940.000
1935.000
1920.000
1900.000
1880.000
1860.000
1840.000
1820.000
11
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S&P

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S&P

- The S&P 500 SPX finished lower on Monday, as neither strength in mega-cap technology stocks nor a pullback in Treasury yields managed to spare the large-cap index from a fifth straight daily loss, the longest losing streak for the index since December, according to Dow Jones Market Data. In addition to cementing the worst stretch for stocks this year, Monday's session also marked the first time that the S&P 500 has started the week with a loss after 15 straight Mondays in the green.

- The story continues to be about interest rates, and to some extent switching from 'higher for longer' to 'how much higher for how much longer?'". The market has accepted the idea that the Fed is not going to lower rates any time soon.

- The S&P 500 closed below the level of 4,230 on Monday. If the sellers continue dragging the asset down, they could target the support of 4,100. On the flip side, the asset is likely to find a bullish wave after completing this move. In this case, the index bulls can drag the asset towards the resistance of 4,335.

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SPX, 1D, O4210.40 H4255.84 L4189.22 C4217.03 −7.12 (−0.17%)
USD
4500.00
4400.00
4335.00
4300.00
4230.00
4217.03
4100.00
4000.00
3900.00
3800.00
Feb
Mar
Apr
May
Jun
Jul
Aug
Sep
Oct
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SPX, 4h, O4241.09 H4249.99 L4214.34 C4217.03 -24.34 (-0.57%)
USD
4600.00
4560.00
4520.00
4480.00
4440.00
4400.00
4360.00
4335.00
4320.00
4280.00
4230.00
4217.03
4200.00
4160.00
12
22
Jul
17
Aug
14
23
Sep
18
Oct
16
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