



*Market Analysis*

09/01/2024

# NEWS ANALYSIS

- The dollar dropped against the euro and yen on Monday as investors continued to digest last week's mixed U.S. economic data and looked ahead to a key inflation reading for fresh clues on when the Federal Reserve is likely to begin cutting interest rates. The dollar index was subdued around 102.1 on Tuesday.
- A rebound in risk assets, especially in stocks, also weighed on the greenback amid firm expectations that the US central banks will deliver a slew of interest rate cuts this year. On the data front, the New York Fed's latest Survey of Consumer Expectations showed that US consumer inflation forecasts over the short run fell to the lowest level in nearly three years for December.
- Some analysts see the Fed as most likely to make its first cut in order to avoid the gap between the federal funds rate and inflation widening too far, as such a scenario would tighten economic conditions more than policymakers intend.





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# EURUSD

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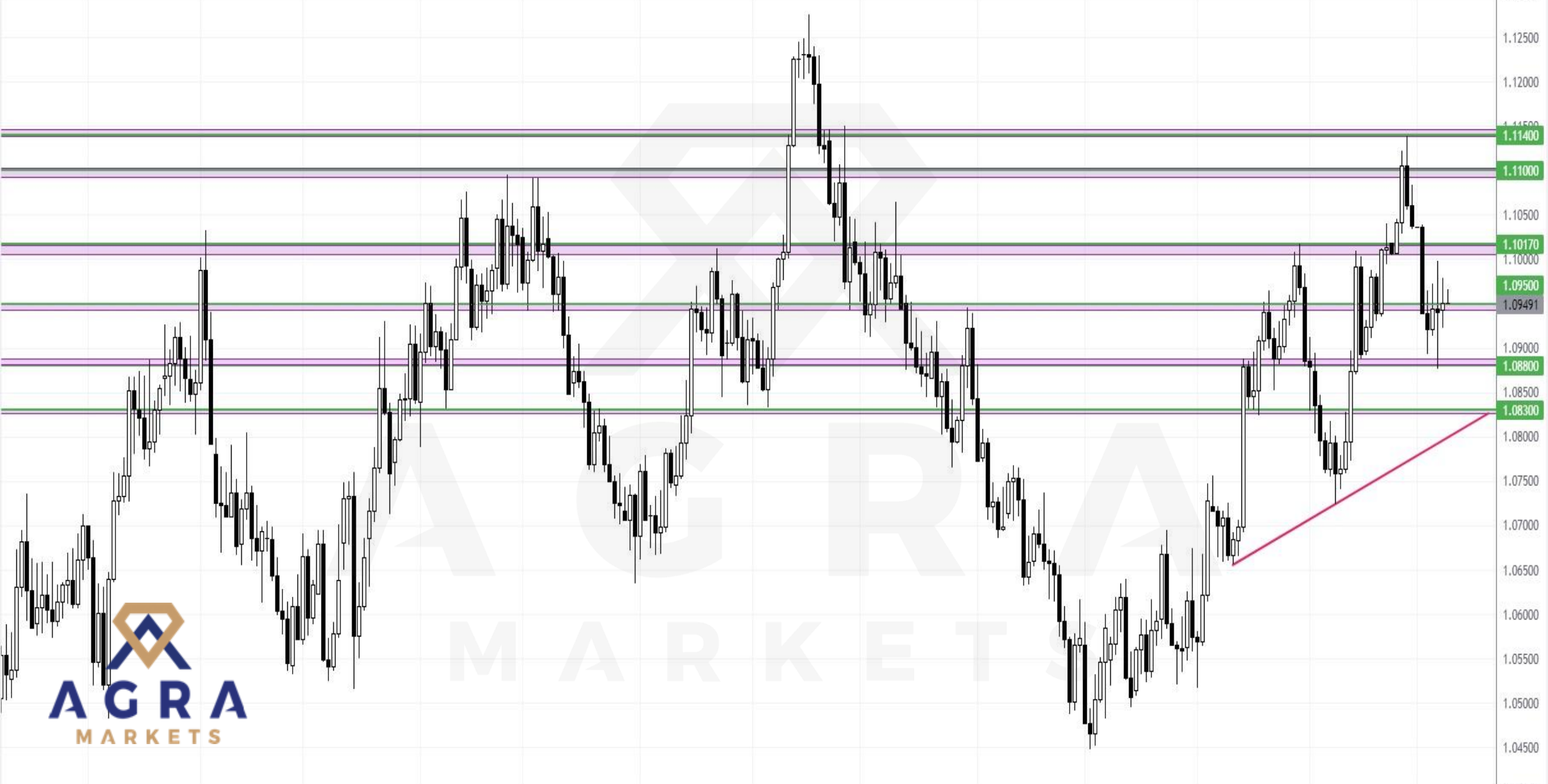
# EURUSD

- EUR/USD has turned sideways around the 1.0950 level after a bounce off the support of 1.0880 on Friday.
- The shared currency benefits from expectations that the European Central Bank (ECB) will keep interest rates at record highs for some time, bolstered by the expected jump in the Eurozone inflation last month. Adding to this, ECB official Boris Vujcic said on Monday that the central bank does not foresee cutting interest rates before the summer and anticipates a gradual reduction in inflation within the Eurozone. That said, the markets have fully priced a 25 basis points (bps) ECB rate cut by April, which, in turn, is acting as a headwind for the EUR/USD pair.
- Bulls need to surpass the resistance of 1.1017 to aim for the 1.1100 level, followed by Dec 28 high of 1.1140. On the flip side, a breach below the 1.0880 support will drag the main pair to Dec 12 high, surrounding 1.0830.



EURUSD, 1D, O1.09503 H1.09664 L1.09480 C1.09491 -0.00012 (-0.01%)

USD



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2023 Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec 2024 21

EURUSD, 4h, O1.09615 H1.09664 L1.09480 C1.09487 -0.00128 (-0.12%)

USD



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6 14:00 13 14:00 20 14:00 27 Dec 6 11 14:00 18 14:00 26 2024 8 14:00

1.11500  
1.11400  
1.11000  
1.10500  
1.10170  
1.10000  
1.09500  
1.09487  
1.09000  
1.08800  
1.08500  
1.08300  
1.08000  
1.07500  
1.07000  
1.06500



+

# GBPUSD

+



# GBPUSD

- The GBP/USD pair is displaying a minor correction after printing an intraday high of 1.27650 in the Asian session.
- A former member of the Bank of England's (BoE) monetary policy committee, DeAnne Julius, said the central bank will not be in a position to begin cutting interest rates in 2024. She added that the escalating tensions in the Middle East could contribute to a new round of energy price rises, resulting in a new inflation shock.
- Technically, the asset is likely to extend the upside journey to the 1.2850 level. A breach of the latter will pave the way for additional gains to 1.2950. On the contrary, bears will dominate the asset if it conquers the 1.2600 level. An occurrence of the same will drag the cable to 1.2550.



GBPUSD, 1D, O1.27473 H1.27650 L1.27356 C1.27404 -0.00069 (-0.05%)

USD



2023 Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec 2024

1.31000  
1.30000  
1.29500  
1.29000  
1.28500  
1.28000  
1.27404  
1.27000  
1.26000  
1.25500  
1.25000  
1.24000  
1.23000  
1.22000  
1.21000  
1.20000  
1.19000  
1.18000



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# USDJPY



# USDJPY

- USDJPY has fallen below the 144.00 level following a broad decline in the greenback as U.S. Treasury yields slipped.
- The data showed that inflation in Tokyo remained above the Bank of Japan's (BoJ) 2% target. This fueled expectations that the central bank will start phasing out its massive stimulus sometime this year and boost the domestic currency. That said, government stimulus measures in the wake of a devastating New Year's Day earthquake in Japan might have already delayed the BoJ's plan to pivot away from its ultra-dovish stance. This, along with a stable performance around the equity markets, keeps a lid on further gains for the safe-haven JPY.
- Investors could use the pullback towards the resistance of 144.00 as a selling opportunity. This will drag the asset towards the uptrend line, near 142.85. On the flip side, greenback bulls will dominate the asset if it oversteps the 144.00 resistance confidently. This will drive the ninja to 145.00, followed by Jan 05 high of 146.00.



USDJPY, 1D, O144.237 H144.282 L143.424 C143.815 -0.423 (-0.29%)

JPY



2023 Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec 2024

128.000

130.000

132.000

134.000

136.000

138.000

140.000

142.000

142.850

143.815

144.000

145.000

146.000

147.200

148.000

150.000

USDJPY, 4h, O143.792 H143.835 L143.791 C143.835 +0.042 (+0.03%)

JPY



Nov 6 14:00 13 14:00 20 14:00 27 Dec 6 11 14:00 18 14:00 25 2024 8



# XAUUSD



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# XAUUSD

- Gold prices rallied strongly through late December, but have trended lower in early January, with traders reluctant to take on new bullish positions for fears of a larger bearish reversal should deep interest rate cuts projected for 2024 fail to materialize.
- U.S. Fed Gov. Michelle Bowman retreated from her long-time hawkish view, saying the U.S. monetary policy is sufficiently restrictive and hinting at her willingness to support rate cuts as inflation eases. Gold prices could continue to fluctuate as markets debate the likelihood of the Fed lowering interest rates in 1Q. The focus is on the key U.S. inflation data due later this week.
- The precious metal is trading below the resistance of \$2,035 at the press time. Pullback moves may initially aim for the level of \$2,020 before testing the red uptrend line at around \$2,010. On the contrary, should the main pair overstep the level of \$2,035, a bullish reveal will be witnessed which will send the asset towards the resistance of \$2,050.



XAUUSD, 1D, O2028.035 H2035.910 L2028.005 C2031.690 +3.655 (+0.18%)



XAUUSD, 4h, O2032.855 H2033.315 L2031.865 C2032.285 -0.570 (-0.03%)

USD





**S&P**



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# S&P

- Stocks in the US closed sharply higher on Monday, as the S&P 500 rose 1.4%, the Nasdaq advanced 2.2%, lifted by a rally in tech shares. Chip strength helped make the S&P tech sector, up 2.8%, the biggest gainer of the S&P 500's 11 industry sectors. The benchmark's sole sector loser was energy, which fell 1.2% after U.S. crude oil settled down 4%, or more than \$3, at \$70.77 per barrel as Saudi Arabia price cuts fueled demand doubts. The S&P 500 quietly managed to pull off its biggest one-day percentage gain since mid-November.
- Looking ahead, investors are anticipating the key CPI report scheduled for Thursday, along with the commencement of the earnings season, with Bank of America, Citigroup, JPMorgan Chase, and Wells Fargo are set to report their earnings.
- The S&P 500 has returned from the support of 4,700. The index bulls are likely to continue dragging the asset towards the level of 4,818. On the flip side, in case of returning the price to 4,700 and breaking this level, the asset will aim the next support at around 4,600.







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