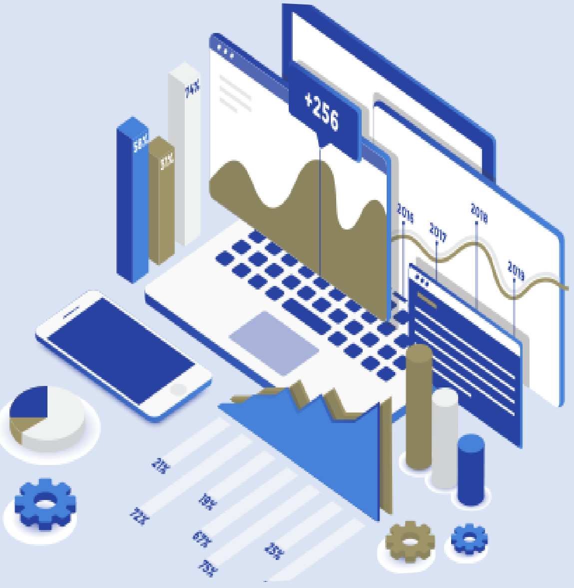
AGRA MARKETS

Market Analysis

24/01/2023

NEWS ANALYSIS

- The dollar index on Tuesday rose by +0.26% and posted a 1-1/4 month high. On Tuesday, the dollar recovered from overnight losses and moved higher on strength in T-note yields. Also, a repricing of chances for Fed rate cuts is boosting the dollar as swap markets now discount the chances of a Fed rate cut at the March FOMC meeting at 48%, below the more than 60% chance the market priced in earlier this month.
- San Francisco Fed President Mary Daly said on Friday that she believes the US economy and monetary policy are in a “good place” and it is premature to think rate cuts are imminent. Fed Governor Christopher Waller also said last week that policymakers would move “carefully and slowly” with policy. At the same time, retail sales for December came in stronger than expected and the University of Michigan's consumer sentiment soared to 78.8 in January 2024, the highest since July 2021.
- Markets have been correcting from the narrative that rate cuts were incoming and incoming quickly, leading to dollar strength. This follows a general pattern of resistance to inflation reduction the closer central banks get to their final target, and has caused a rethinking of how fast monetary policy would return to lower levels. We have seen ECB (European Central Bank) officials push back on rate cut expectations as well, in line with the Federal Reserve.



EURUSD

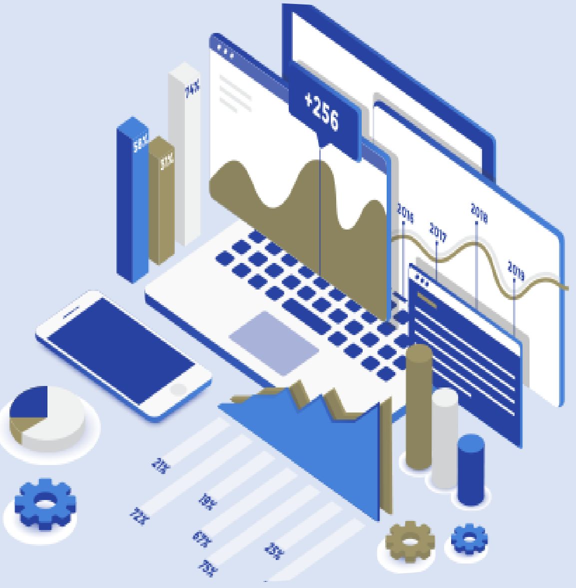
MetaTrader4

EURUSD

- The EUR/USD pair is making a minor recovery attempt after printing a weekly low of 1.08215 on Tuesday. However, the potential upside seems limited as investors turn cautious ahead of the European Central Bank's (ECB) interest rate decision on Thursday.

- The Euro (EUR) encountered downward pressure following the preliminary Consumer Confidence released by the European Commission on Tuesday, indicating a decrease in consumer trust regarding economic activity. The index declined to -16.1 against the expected reading of -14.3 in January and the previous reading of -15.0.

- Bears need to conquer the support of 1.0830 to extend its downside journey towards the 1.0750 level. On the upside, 1.0880 aligns as the first resistance before 1.0950.



EURUSD, 1D, O1.08533 H1.08661 L1.08441 C1.08624 +0.00091 (+0.08%)
USD
1.12500
1.12000
1.11500
1.11000
1.10500
1.10170
1.10000
1.09500
1.09000
1.08800
1.08624
1.08300
1.08000
1.07500
1.07000
1.06500
1.06000
1.05500
1.05000
1.04500
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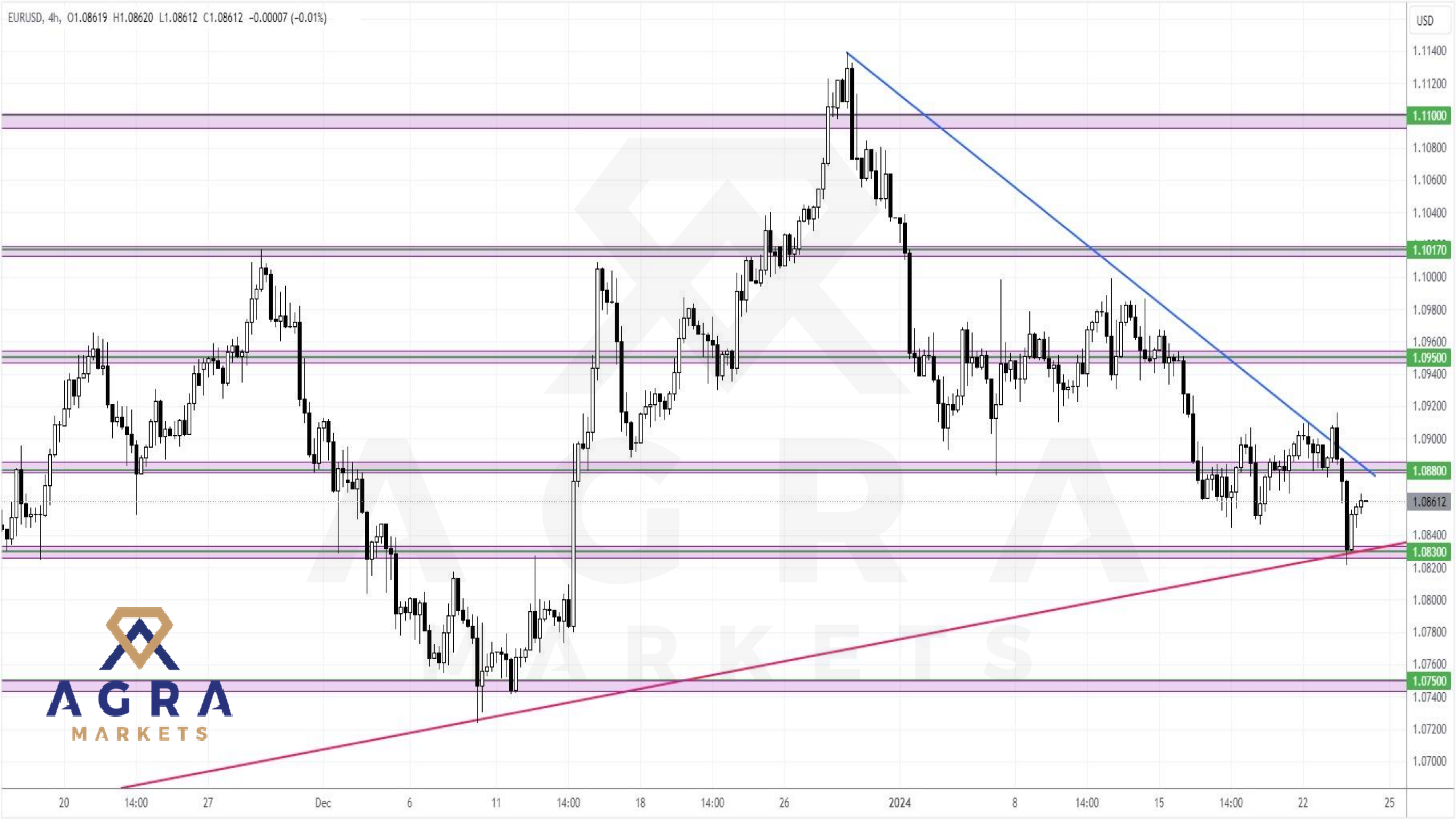
EURUSD, 4h, O1.08619 H1.08620 L1.08612 C1.08612 -0.00007 (-0.01%)
USD
1.11400
1.11200
1.11000
1.10800
1.10600
1.10400
1.10170
1.10000
1.09800
1.09600
1.09500
1.09400
1.09200
1.09000
1.08800
1.08612
1.08400
1.08300
1.08200
1.08000
1.07800
1.07600
1.07500
1.07400
1.07200
1.07000
20
14:00
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2024
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GBPUSD

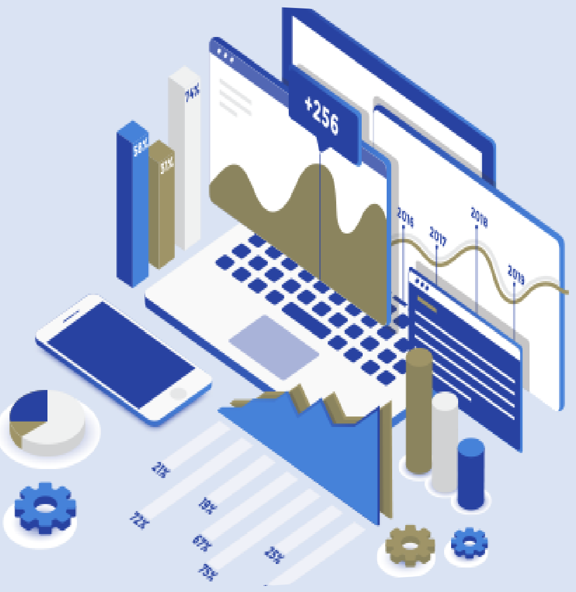
MetaTrader4

GBPUSD

- The GBP/USD takes offers to renew intraday high around 1.2700, trimming the previous day's losses during early Wednesday.

- Investors place a bet that the Bank of England (BoE) will start cutting rates as early as May, with three more cuts over 2024 taking it to 4.25% from 5.25% now. However, there’s no change in monetary policy expected in its February meeting. Market players will take more cues from the data release on Wednesday. The preliminary UK S&P Global Services PMI is estimated to ease from 51.4 in December to 51.0 in January, while the Manufacturing PMI is projected to remain steady at 47.9.

- The asset is likely to resume its downfall after completing the correction move to the 1.2700 resistance. An occurrence of the same will drag the cable to the previous week's low around 1.2600. On the contrary, the bulls need to surpass the 1.2780 resistance to retake control.



GBPUSD, 1D, O1.26854 H1.27042 L1.26713 C1.27026 +0.00172 (+0.14%)
USD
1.31000
1.30000
1.29500
1.29000
1.28500
1.28000
1.27800
1.27026
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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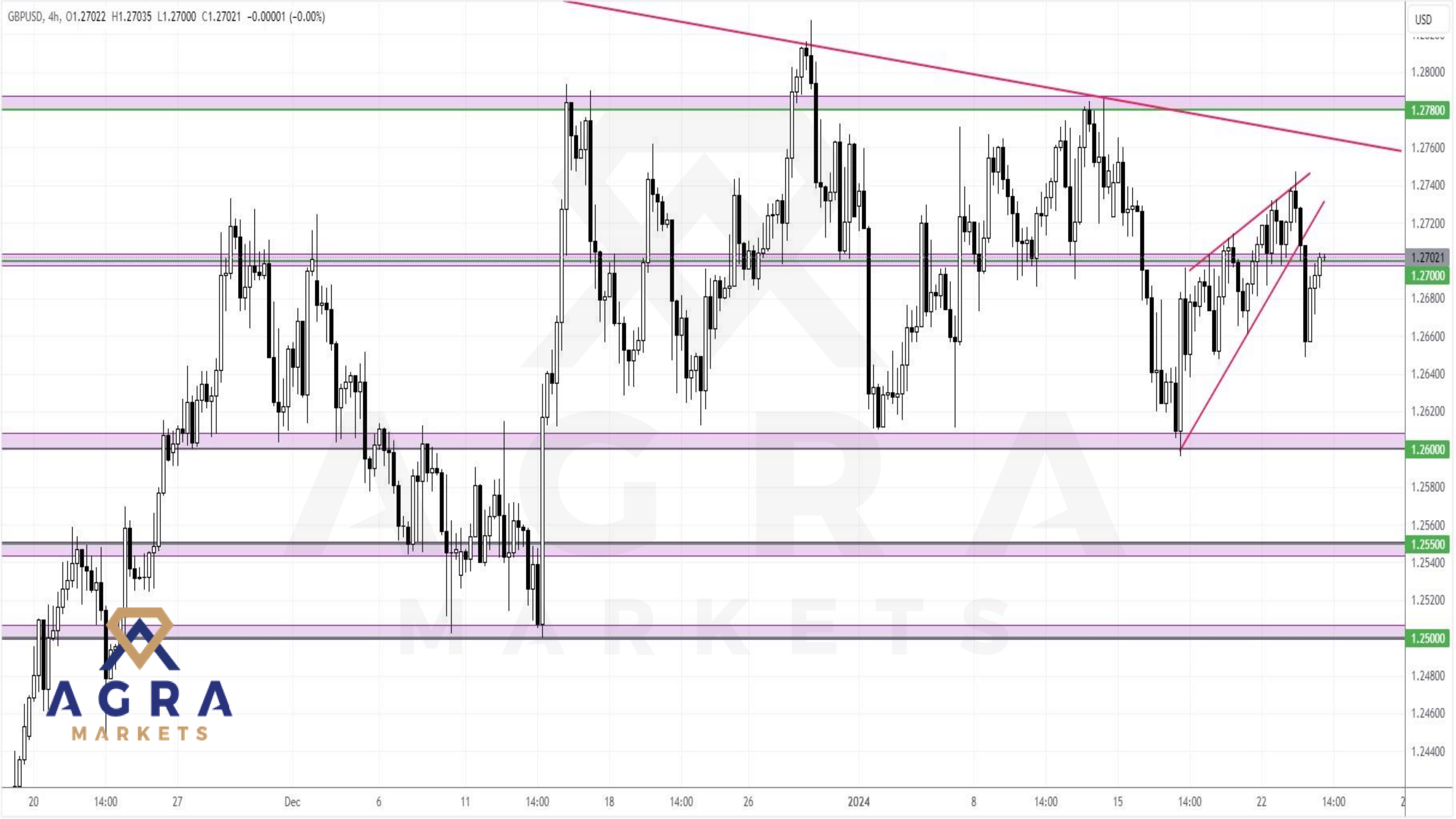

GBPUSD, 4h, O1.27022 H1.27035 L1.27000 C1.27021 -0.00001 (-0.00%)
USD
1.28000
1.27800
1.27600
1.27400
1.27200
1.27021
1.27000
1.26800
1.26600
1.26400
1.26200
1.26000
1.25800
1.25600
1.25500
1.25400
1.25200
1.25000
1.24800
1.24600
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USDJPY

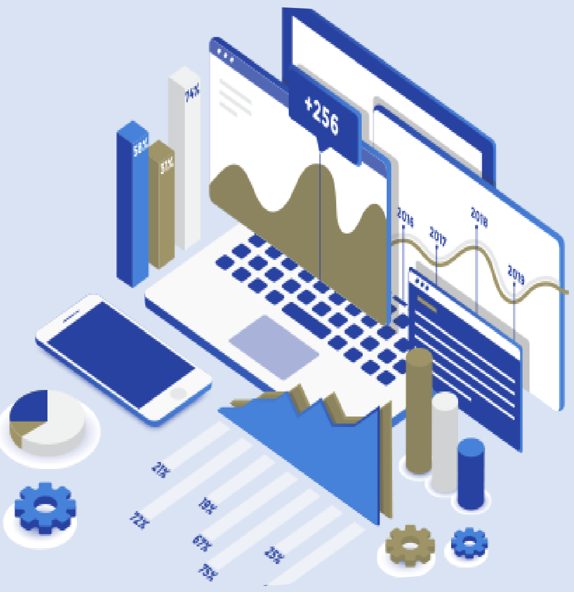
MetaTrader4

USDJPY

- USD/JPY is correcting the previous day’s bounce off the support of 147.20, making rounds to 147.88 during the early European session on Wednesday.

- The BoJ lowered its forecast for core consumer price for fiscal 2024, suggesting that the central bank might not rush to immediately begin tightening the ultra-loose policy. Furthermore, diminishing odds for a more aggressive policy easing by the Federal Reserve (Fed) favour the US Dollar (USD) bulls and support prospects for the emergence of some dip-buying around the USD/JPY pair.

- Bulls could aim for Nov 03 low, around 149.20 as an immediate target during the further advances. On the flip side, the level of 147.20 acts as an immediate support, which, if cleared, will drag the yen pair to Jan 11 high, surrounding 146.40.



USDJPY, 1D, O148.368 H148.398 L147.754 C147.890 -0.478 (-0.32%)
JPY
150.000
149.200
148.000
147.890
147.200
146.400
146.000
144.000
142.000
140.000
138.000
136.000
134.000
132.000
130.000
128.000
2023
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USDJPY, 4h, O147.878 H147.946 L147.878 C147.880 +0.002 (+0.00%)
JPY
149.200
149.000
148.500
148.000
147.880
147.500
147.200
147.000
146.400
146.000
145.500
145.000
144.500
144.000
143.500
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XAUUSD

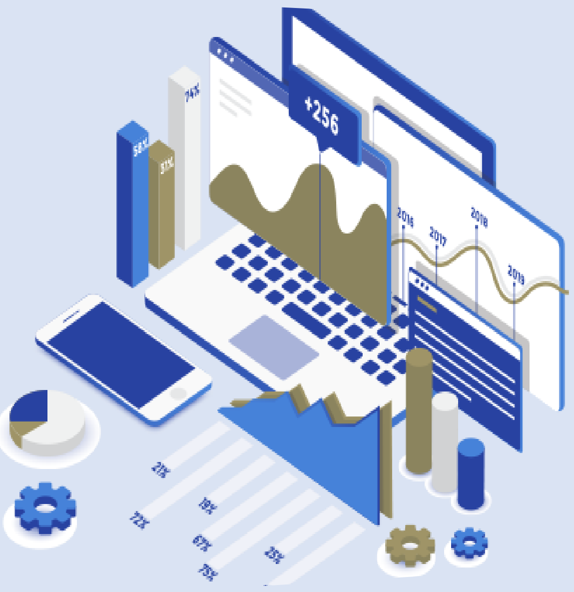
MetaTrader4

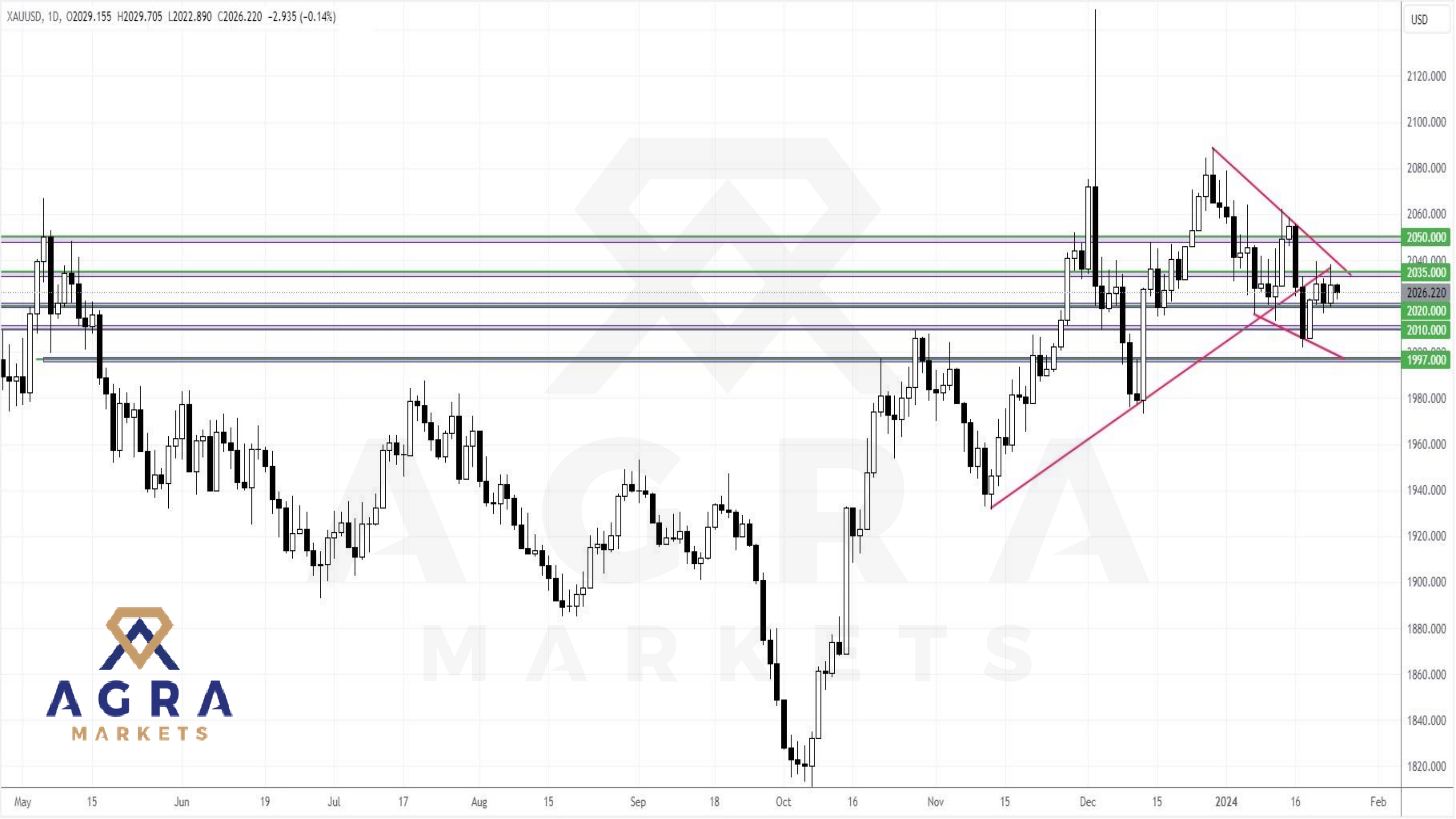
XAUUSD

- Gold steadied around $2,025 an ounce on Wednesday, remaining in a sideways trading range so far this week as investors look ahead to key US economic data including PMI, GDP, and PCE inflation figures. Still, the metal remains under pressure from the US economy’s resiliency and hawkish signals from Federal Reserve officials which dampened expectations for a March rate cut.

- Recent economic data out of the U.S. has called for some recalibration in dovish market rate expectations, with some pushback on the timeline for Fed rate cut weighing on gold's appeal. Additionally, rising geopolitical tensions may limit its downside... with the $2,000 level on watch as near-term support to hold.

- The precious metal is trading near the support of $2,020 at the press time. Bears can take control if the yellow metal plunges below the support of $2,020. This will drive the asset towards $2,010. On the flip side, If the price maintains high and crosses the resistance of $2,035 and the red downtrend line, the growth perspective will be towards $2,050.





XAUUSD, 1D, O2029.155 H2029.705 L2022.890 C2026.220 −2.935 (−0.14%)
USD
2120.000
2100.000
2080.000
2060.000
2050.000
2035.000
2026.220
2020.000
2010.000
1997.000
1980.000
1960.000
1940.000
1920.000
1900.000
1880.000
1860.000
1840.000
1820.000
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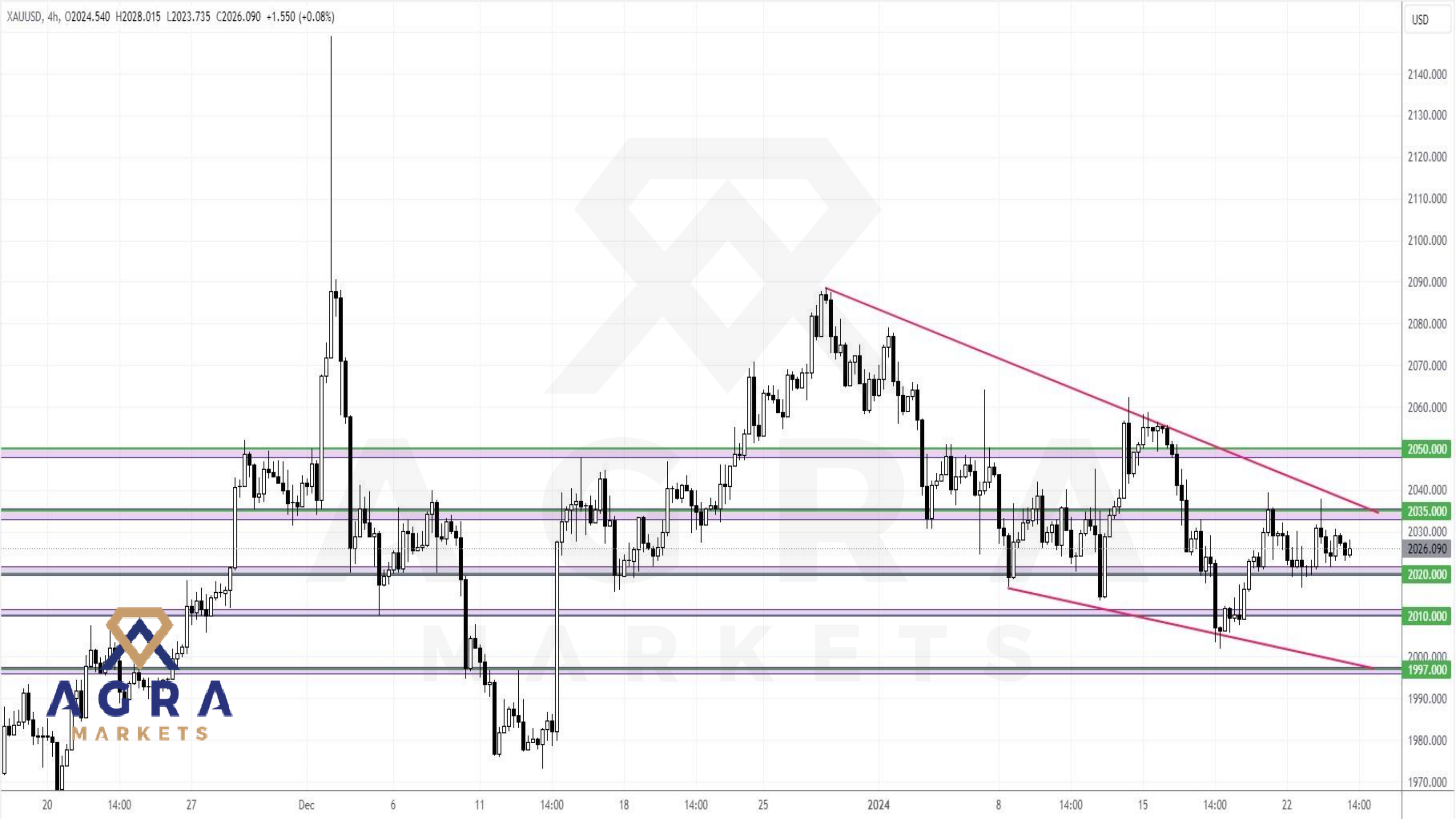

XAUUSD, 4h, O2024.540 H2028.015 L2023.735 C2026.090 +1.550 (+0.08%)
USD
2140.000
2130.000
2120.000
2110.000
2100.000
2090.000
2080.000
2070.000
2060.000
2050.000
2040.000
2035.000
2030.000
2026.090
2020.000
2010.000
2000.000
1997.000
1990.000
1980.000
1970.000
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MARKETS

S&P

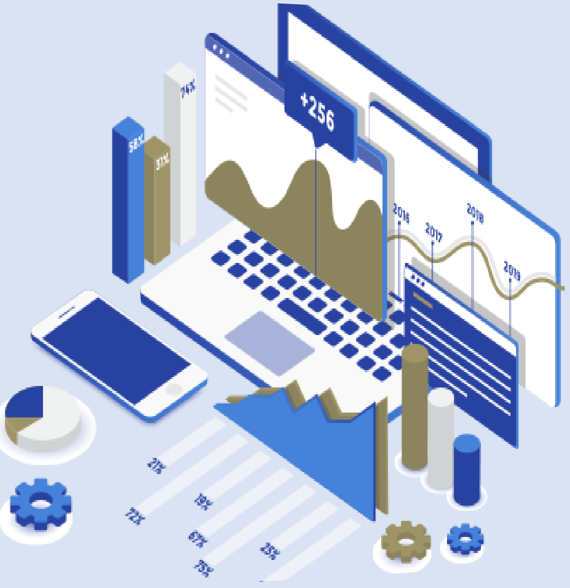
MetaTrader4

S&P

- The S&P 500 climbed to a record-high close on Tuesday as investors digested a mixed bag of early quarterly results and awaited a slew of additional reports from Tesla and other companies later this week. It was the third straight all-time high for the benchmark stock index, and many investors view upcoming quarterly reports from the heavily weighted "Magnificent 7" group of mega-cap companies as key to whether Wall Street's recent rally continues or loses steam.

- After closing at all-time highs, it's not uncommon for markets to relax for a second after making big moves like that. If the data remain resilient, it really complicates the timetable investors may have for when interest rate cuts will arrive. We have our eyes on Thursday's macroeconomic numbers on durable goods orders, GDP growth, and jobless-benefit claims data. On Friday, the numbers to watch include the Federal Reserve's preferred inflation gauge, the personal consumption expenditures price index, along with numbers on personal income and spending.

- The S&P 500 closed above its historical top on Tuesday. If the asset uses the support of 4,818, the bulls will aim for the 161.8% Fibo extension. On the flip side, the index is expected to display losses if the asset drops below the level of 4,818. An occurrence of the same will drag the index to the support of 4,700.



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SPX, 1D, O4856.80 H4866.48 L4844.37 C4864.61 +14.17 (+0.29%)
USD
5000.00
1.618 (4918.05)
4900.00
4864.61
4818.00
4700.00
4600.00
4500.00
4400.00
4300.00
4200.00
4100.00
4000.00
3900.00
3800.00
3700.00
3600.00
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SPX, 4h, O4853.06 H4866.48 L4851.14 C4864.61 +11.66 (+0.24%)
USD
1.618 (4916.63)
4920.00
4880.00
4864.61
4840.00
4818.00
4800.00
4760.00
4720.00
4700.00
4680.00
4640.00
4600.00
4560.00
4520.00
4480.00
4440.00
4400.00
4360.00
4320.00
4280.00
4240.00
4200.00
4160.00
4120.00
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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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