

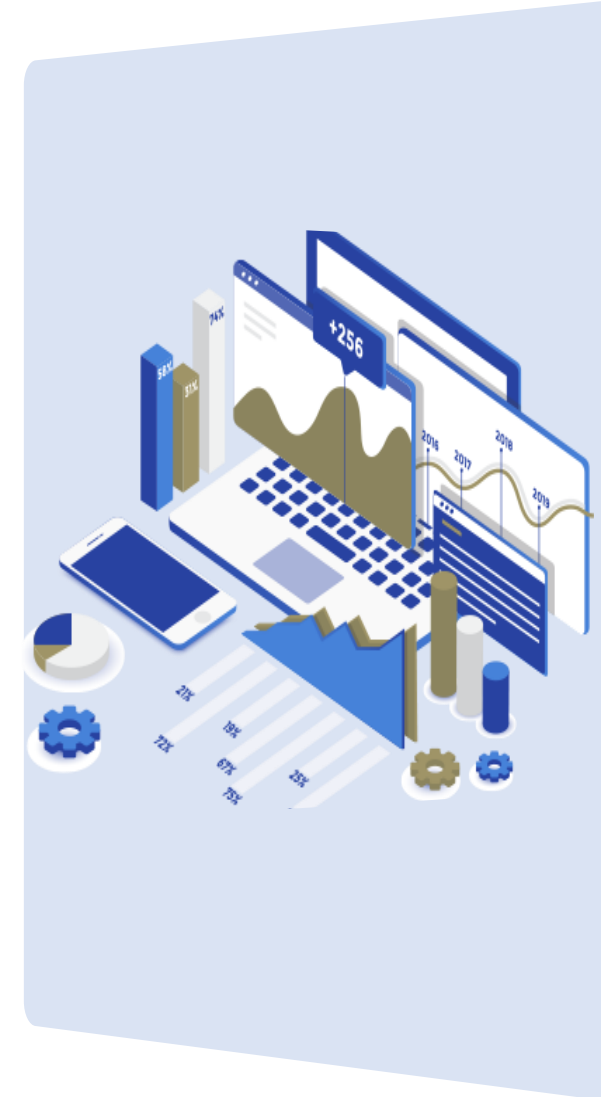


Market Analysis

09/07/2024

NEWS ANALYSIS

- The dollar index Monday recovered from a 3-week low and finished up by +0.12%. Short covering in the dollar Monday propelled prices higher ahead of Fed Chair Powell's semiannual testimony to Congress on Tuesday. The U.S. dollar index, which measures the currency against the euro, sterling, yen, and three other major peers, was flat at 104.99, sticking close to the overnight low of 104.80, a 3 1/2-week trough. The index slumped 0.9% last week, exacerbated by Friday's monthly payrolls report, which boosted bets for the Fed to soon start cutting rates.
- The US May consumer credit report was stronger than expected and supported the dollar. US May consumer credit rose +\$11.354 billion, stronger than expectations of +\$8.850 billion and the largest increase in 4 months.
- Markets also braced for key US inflation data this week that could shed light on the path for interest rates. Data last week showed that the US unemployment rate rose to a 2-1/2-year high of 4.1%, services activity unexpectedly contracted and private employment growth missed forecasts. Markets now see around a 76% chance of a Fed rate cut in September, with a second rate reduction in December also being priced in.





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EURUSD

+



FOREX



NG



ES



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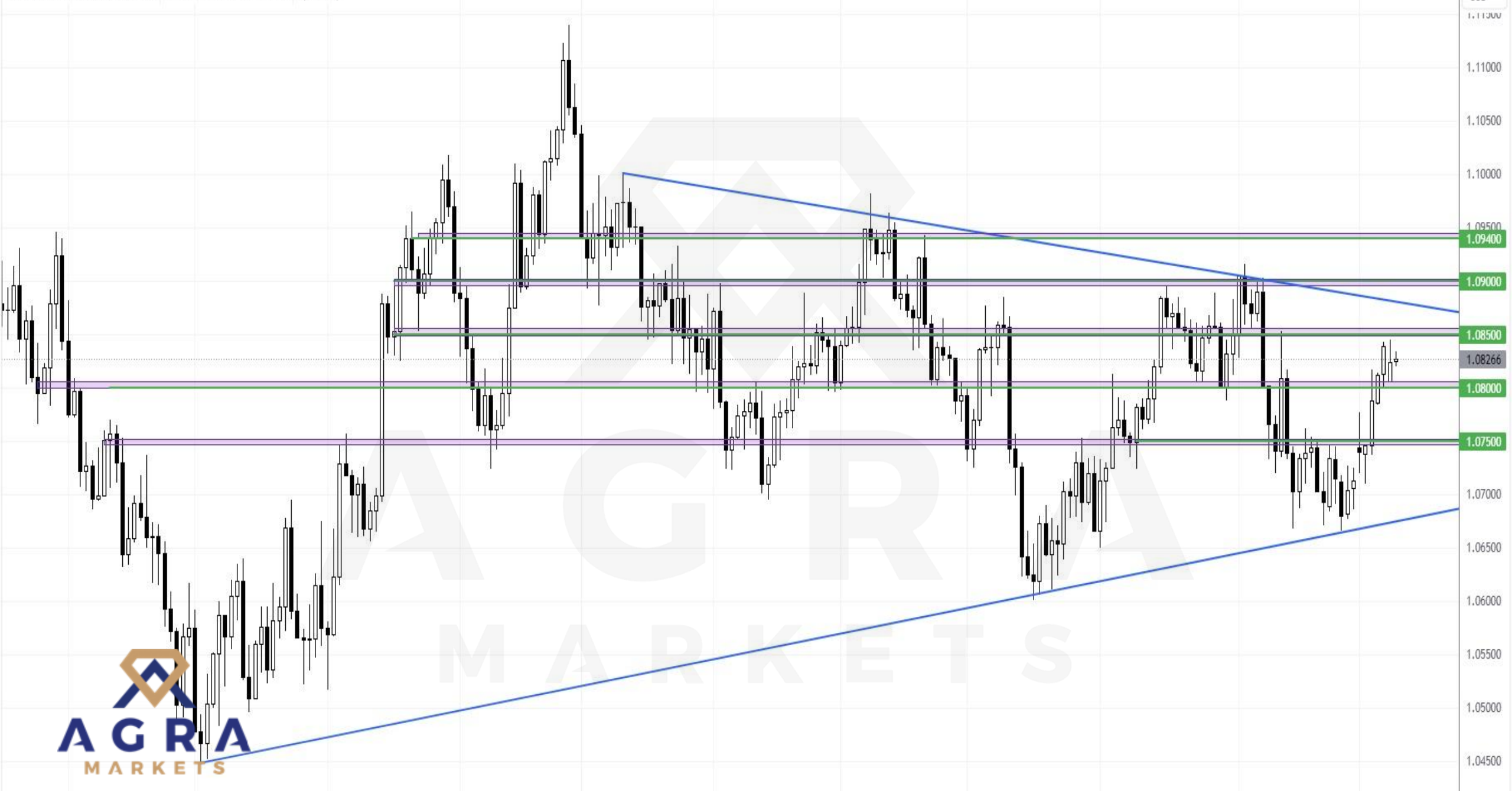
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EURUSD

- EUR/USD stumbled on Monday after a muddled election outcome in France left policy guidance unclear for the Euro bloc.
- A coalition minority government win in France kept a financially disastrous far-right party out of the leadership race after a strong upset in earlier European Parliamentary elections. Still, the win was anything but decisive as a hodge-podge of coalition parties with conflicting ideologies is set for policy deadlock in France in the coming months.
- Final German inflation figures will be published during the Thursday European market session. German Harmonized Index of Consumer Prices (HCOB) inflation is broadly expected to hold steady 2.5% YoY as inflation pressures continue to vex the Bundestag's 2% inflation target.
- Bulls are likely to drive the asset higher to the 1.0850 level. A breach of the latter will direct the main pair to the downtrend line. On the flip side, should the asset conquer the 1.0800 support it will drag to the uptrend line, followed by the 1.0750 level.









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GBPUSD

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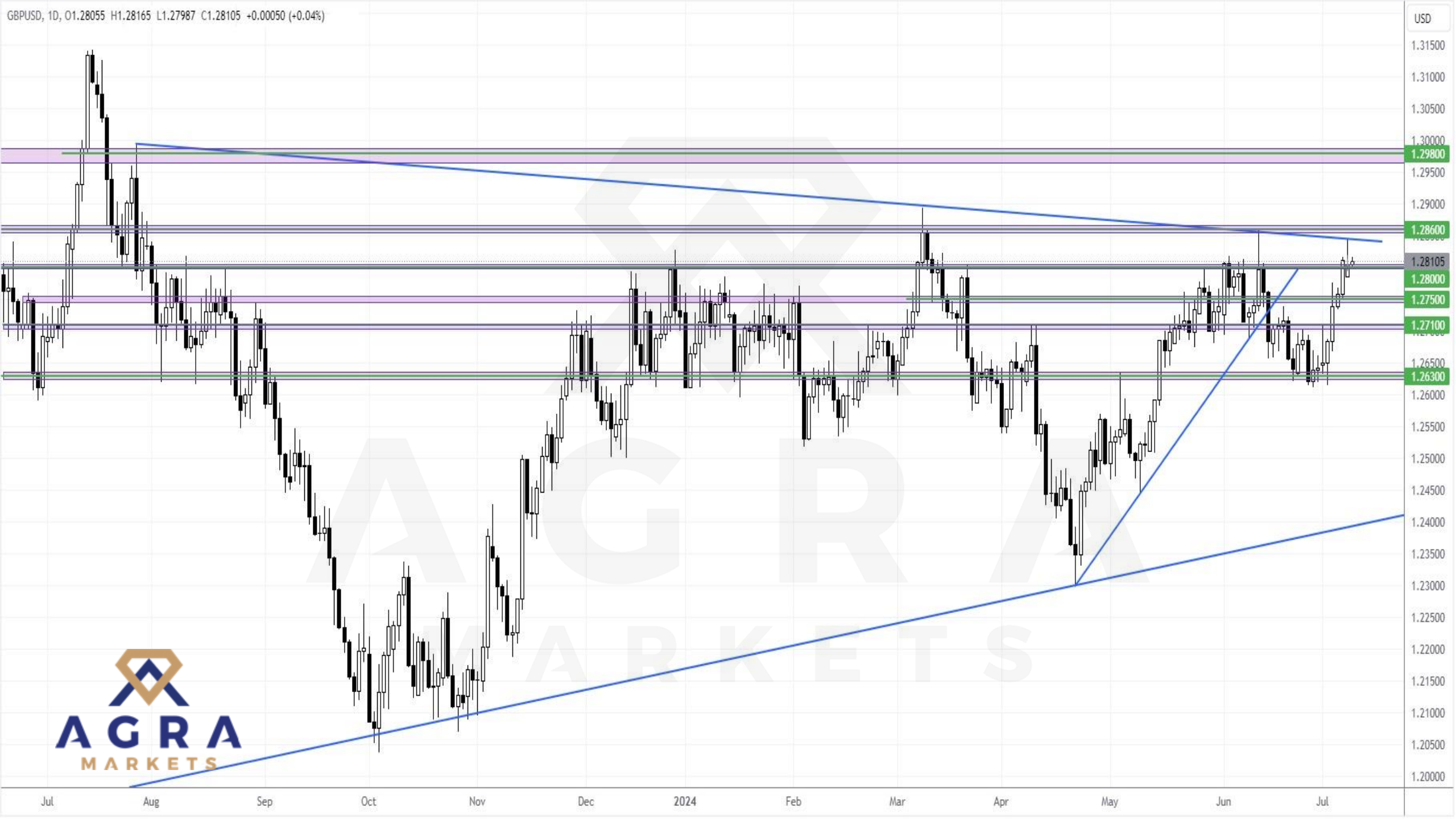
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GBPUSD

- The GBP/USD pair turns quiet as investors await the Federal Reserve (Fed) Chair Jerome Powell's semi-annual Congressional testimony, which is scheduled at 14:00 GMT.
- The overall appeal of the Cable is quite firm as market speculation for the Fed to begin reducing interest rates from the September meeting has deepened. According to the CME FedWatch tool, 30-day Federal Funds Futures pricing data shows that the probability of rate cuts in September has improved to 77% from 65.6% recorded a week ago. The expectations for early Fed rate cuts have been prompted by the US Nonfarm Payrolls (NFP) report for June, which indicated that the labor market has lost momentum.
- Bulls need to surpass the June 12 high of 2860 to accelerate the upside to the top of the bullish channel, near 1.2980. On the other hand, bears will dominate the asset if it drops below the 1.2800 support. An occurrence of the same will drag the cable to 1.2750, followed by July 01 high of 1.2710.





USD
1.31500
1.31000
1.30500
1.30000
1.29800
1.29500
1.29000
1.28600
1.28105
1.28000
1.27500
1.27100
1.26500
1.26300
1.26000
1.25500
1.25000
1.24500
1.24000
1.23500
1.23000
1.22500
1.22000
1.21500
1.21000
1.20500
1.20000



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USDJPY

+



USDJPY

- The USD/JPY pair prints gains for the second successive session on Tuesday. The minor improvement in the US Dollar (USD) underpins the yen pair. However, the JPY could limit its downside due to fears of intervention by Japanese authorities in the FX markets.
- The Japanese Yen also struggles due to overseas asset purchases by Japanese individuals through the newly revamped tax-free investment scheme, the Nippon Individual Savings Account (NISA) program. According to Nikkei Asia, the scale of these purchases is expected to exceed the country's trade deficit during the first half of this year.
- US Treasury yields are under pressure amid rising speculation that the Federal Reserve (Fed) may reduce interest rates in September, potentially limiting the upside of the US Dollar.
- Should the downtrend line be violated, the yen pair will move towards the 161.30 level. A breach of the latter will pave the way for additional gains to the July 03 high, around 162.00. On the contrary, a breach below the 160.20 support will drag the asset to the uptrend line, surrounding 159.40.



USDJPY, 1D, O160.799 H161.133 L160.732 C160.968 +0.131 (+0.08%)



JPY

163.000
162.000
161.300
160.968
160.200
159.400
159.000
158.000
157.000
156.000
155.000
154.000
153.000
152.000
151.000
150.000
149.000
148.000
147.000
146.000

23 Feb 12 20 Mar 11 19 Apr 15 23 May 13 21 Jun 17 Jul 15



USDJPY, 4h, O160.964 H161.008 L160.912 C160.968 +0.004 (+0.00%)



JPY
163.000
162.500
162.000
161.500
161.300
160.968
160.500
160.200
160.000
159.600
159.400
159.000
158.500
158.000
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6 13:00 13 13:00 20 13:00 27 13:00 Jun 13:00 10 13:00 17 13:00 24 13:00 Jul 13:00 8 13:00





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XAUUSD

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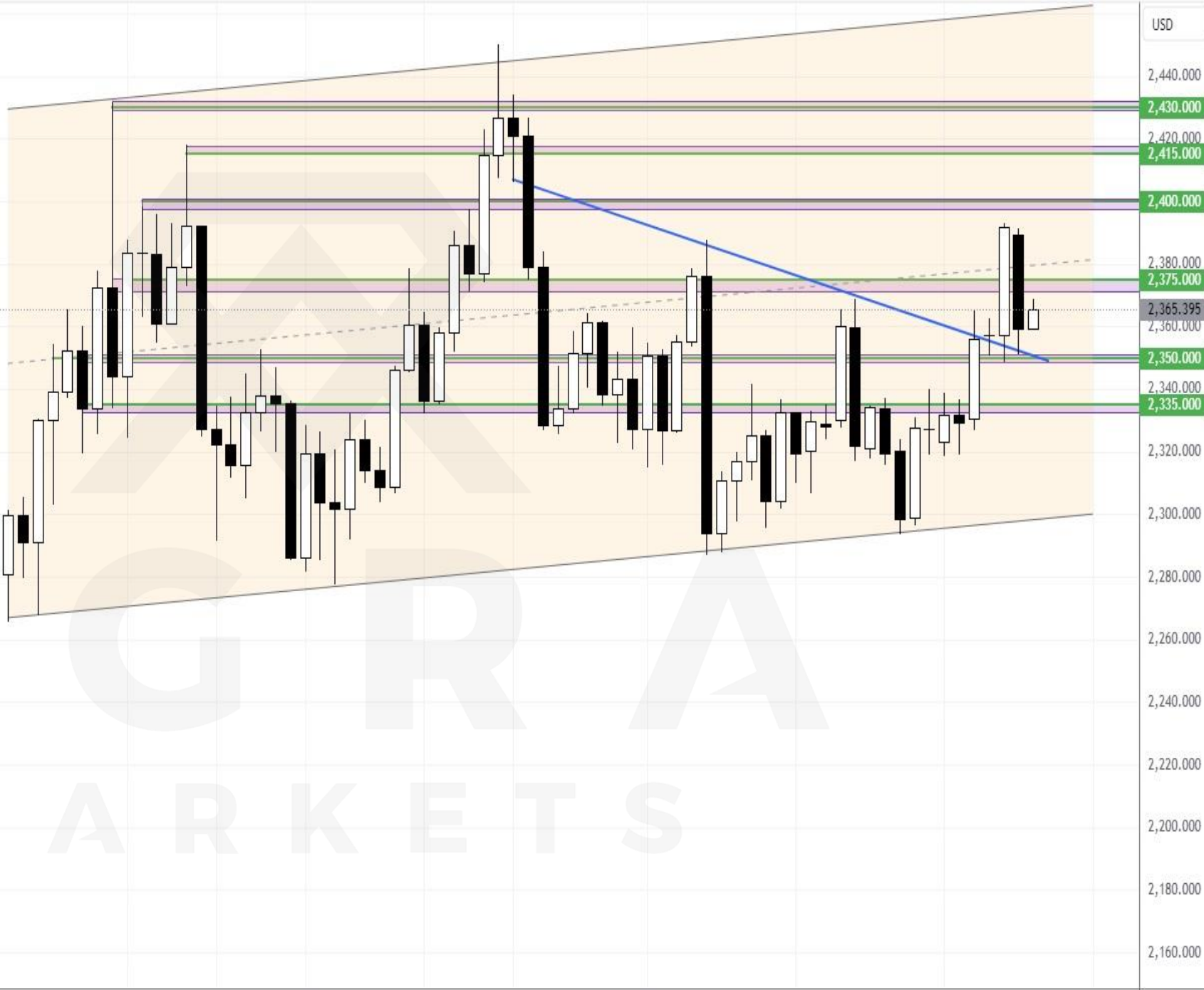
XAUUSD

- Gold prices inched higher on Tuesday, as the dollar remained soft, with investors awaiting Federal Reserve Chair Jerome Powell's testimony and June inflation data to assess the U.S. central bank policy path. Spot gold rose 0.2% at \$2,363.71 per ounce, as of 0702 GMT.
- Gold futures rise 0.1% to \$2,365.7 a troy ounce, consolidating after having slumped around 1.4% in Monday's trade. This fall seems somewhat extreme compared to the moves in the U.S. dollar or bond markets. It may have been traders flushing out their long positions after the precious metal's recent rally, but is also likely part of a wider sell-off of commodities over the day, Weston says in a note.
- The precious metal displayed a correction after a sheer downside move. The asset is likely to find a bearish impulsive wave after completing its correction to \$2,375. The Gold bears can drift the asset towards the level of \$2,350. On the flip side, the yellow metal bulls will dominate the asset if it oversteps the \$2,375 resistance. This will push the asset to reclaim \$2,400.





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XAUUSD, 4h, O2,367.385 H2,368.430 L2,364.240 C2,365.090 -2.380 (-0.10%)

USD



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