

Fundamental Analysis Report

14 April '2021

Fundamental Analysis - Morning Market Review 14 April 2021

EUR/USD

EUR has shown a slight increase against USD during the Asian session, developing the "bullish" signal, formed at the beginning of the week, and renewing local highs since March 18. Investors have returned to selling USD after yesterday's publication of data on consumer inflation in the United States. The annual growth rate of consumer prices in March accelerated from 1.7% YoY to 2.6% YoY, which is only 0.1% stronger than the forecasts. On a monthly basis, inflation accelerated from 0.4% MoM to 0.6% MoM, which also outpaced market forecasts at 0.5% MoM. Investors are not disappointed with the faster growth of prices in the US, as the forecasts turned out to be very accurate. On the other hand, the threat of inflation is very real, given the pace of recovery in the American economy and the upcoming package of measures to modernize the country's infrastructure from the US President Joe Biden. Today, investors are focused on February statistics on the dynamics of industrial production in the euro area, as well as the speech of the President of the European Central Bank (ECB) Christine Lagarde.

GBP/USD

GBP is growing against USD during this morning session, testing 1.3770 for a breakout and renewing weekly local highs. Moderate support for the instrument is provided by not the strongest positions of USD, which came under pressure after the publication of data on the dynamics of consumer inflation in the US in March. In turn, statistics from the UK were controversial. Investors reacted very optimistically to the growth of industrial production in February from -1.8% MoM to +1% MoM (the forecast assumed an increase of only 0.5% MoM); however, they were dissatisfied with the GDP growth rate by only 0.4% MoM in February with the projected +0.6% MoM.

NZD/USD

NZD is showing active gains against USD in Asia today, building on the weak "bullish" momentum it had formed the day before. The pair adds about 0.50% and is about to test the level of 0.7100 for a breakout. In addition to the weak positions of USD, the decision of the Reserve Bank of New Zealand (RBNZ) on the interest rate provides moderate support to NZD. As expected, the regulator did not change the parameters of monetary policy, maintaining the key interest rate at 0.25%. In the follow-up statement, the RBNZ Monetary Policy Committee noted the continued uncertainty in the global economy amid still strong epidemiological risks and existing restrictions on tourism and supply. At the same time, the regulator is very optimistic and its current forecasts for the development of economic activity in the country are not inferior to the February estimates.

USD/JPY

USD is falling against JPY today, trying to consolidate below the psychological level of 109.00 and renewing local lows since March 25. USD did not receive any support after the publication of statistics on consumer inflation in the USA the day before, despite the fact that the US Fed continues to insist that high inflation rates only reflect an equally strong recovery in economic activity in the country. In turn, the more confident JPY growth is hindered by weak macroeconomic statistics from Japan, published today. Machinery Orders in Japan in February decreased by 8.5% MoM after a decrease of 4.5% MoM in the previous month. Analysts had expected moderate growth by 2.8%

MoM. On an annualized basis, orders plummeted 7.1% YoY after positive dynamics at +1.5% YoY in January. Forecasts suggested an increase of 2.3% YoY.

XAU/USD

Gold prices are relatively stable during today's morning trading session, consolidating after moderate gains the day before, helped by the depreciation of USD and falling yields on US Treasuries. Investors are still focused on the statistics on consumer inflation in the US, published the day before. Tuesday's data reflected a faster rise in consumer prices, which hit new highs since 2012 and intensified speculation about a possible adjustment to the US Fed's monetary policy. The regulator adheres to a wait-and-see attitude and considers the rise in inflation to be a temporary phenomenon, due to the surge in economic activity in the country as it recovers from the coronavirus pandemic. Today, traders await the speech of the Chair of the US Fed, Jerome Powell, as well as the publication of the monthly economic review from the American regulator, the Beige Book.





Thank You!

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