

USD remains steady as investors awaits FED rate hike

After the short-term pullback we have seen during the recent days, USD bulls seems back in control as the FED is expected to raise interest rates by 75 basis point (from 1.75% to 2.50%) later today.

Fundamentally, the economic outlook remains unclear as inflation keeps rising to reach high levels in more than four decades. The FED has no choice but to fight the current situation by rising interest rates.

For the time being, majority of central banks are leaning towards a tighter monetary policy especially in the US, but the most important question is when the FED will decide to slow the pace of future rate increases or even stop it for a while.

Traders will keep a close eye on today's FED monetary policy statement followed by Powell speech.

Below is the calendar for FED rate decision (GMT+4 timing):
Investors should be aware that a very high volatility is expected at the time of the event.

🕒 Current Time: 02:53 (GMT +4:00) ▾

All data are streaming and updated automatically.

Time	Cur.	Imp.	Event	Actual	Forecast	Previous
Wednesday, July 27, 2022						
00:30	USD	★ ★ ☆	API Weekly Crude Oil Stock	-4.037M	-1.121M	1.860M
16:30	USD	★ ★ ★	Core Durable Goods Orders (MoM) (Jun)		0.2%	0.7%
16:30	USD	★ ★ ☆	Durable Goods Orders (MoM) (Jun)		-0.5%	0.8%
16:30	USD	★ ★ ☆	Goods Trade Balance (Jun)			-104.04B
16:30	USD	★ ★ ☆	Retail Inventories Ex Auto (Jun)			0.8%
18:00	USD	★ ★ ★	Pending Home Sales (MoM) (Jun)		-1.5%	0.7%
18:30	USD	★ ★ ★	Crude Oil Inventories		-1.037M	-0.446M
18:30	USD	★ ★ ☆	Cushing Crude Oil Inventories			1.143M
22:00	USD	★ ★ ★	FOMC Statement 📄			
22:00	USD	★ ★ ★	Fed Interest Rate Decision		2.50%	1.75%
22:30	USD	★ ★ ★	FOMC Press Conference 🗣️			

For now, let's have a look at the technical outlook for some financial instruments.

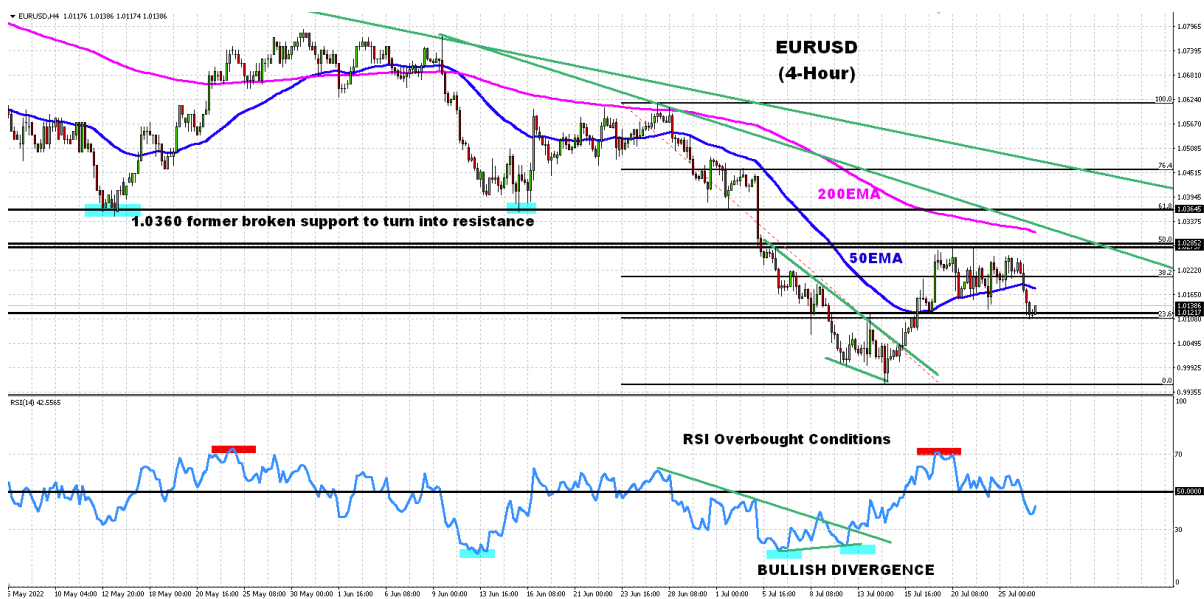
EURUSD

Beginning with EURUSD, as mentioned in our previous report, the single currency has traded in line with our expectations and prices failed to break above the resistance zone located around 1.0275 level.

We have seen strong selling following the ECB rate decision last week, and prices traded lower to reach the support area of 1.0120 level.

We expect prices to find demand around 1.0120-1.0070 for another bounce in the coming hours, however, the recovery can be short-lived as the main bearish trend is still intact.

A daily close above 1.0285 resistance is needed to clear the path for another push higher in the direction of 1.0365 level which represents the 61.8% Fibonacci retracement from 1.0625 peak as shown in the chart below:



GBPUSD

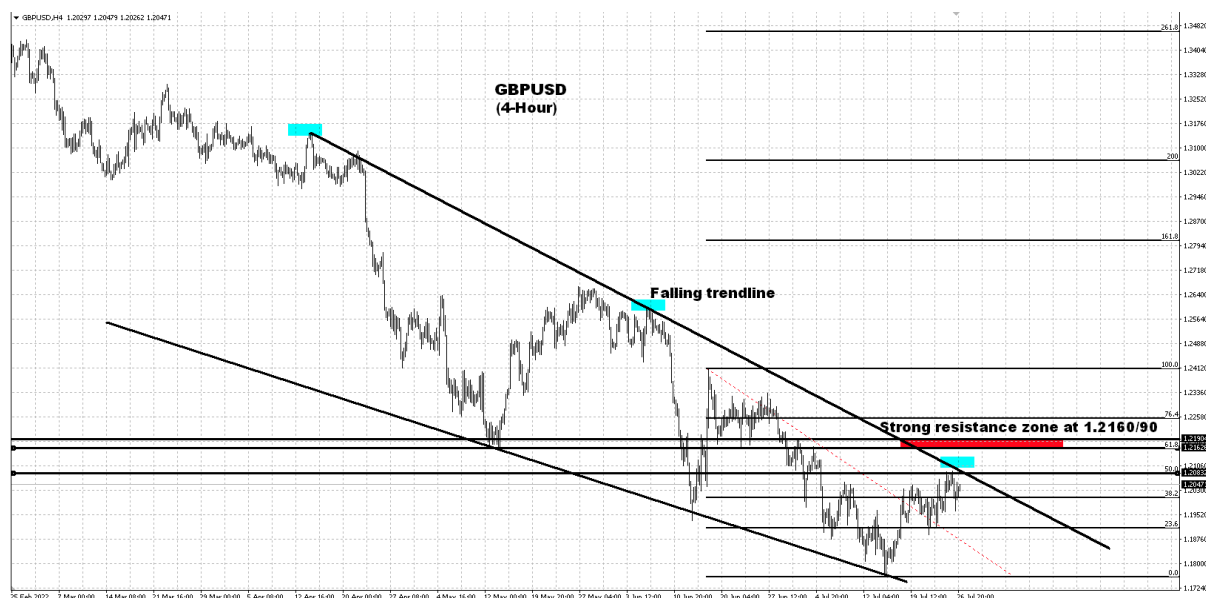
The British pound traded sideways to higher in the recent days, the actual move can be considered as a technical correction.

Looking at the chart below, we can see that prices have stalled at the 50% Fibonacci retracement level of 1.2085. In addition, the pair continue to trade below its falling trendline drawn from April 5th high, which reinforces the bearish outlook.

Ahead of the FED rate decision, we prefer to wait for further price action to develop before to have more clues about the future price action in this pair.

A break above 1.2085 level should trigger an acceleration towards the next resistance zone located at 1.2160/90 before to see strong selling pressure again.

In the opposite, if 1.2085 peak holds, a downside move may begin and can drive prices back to 1.1960 support.



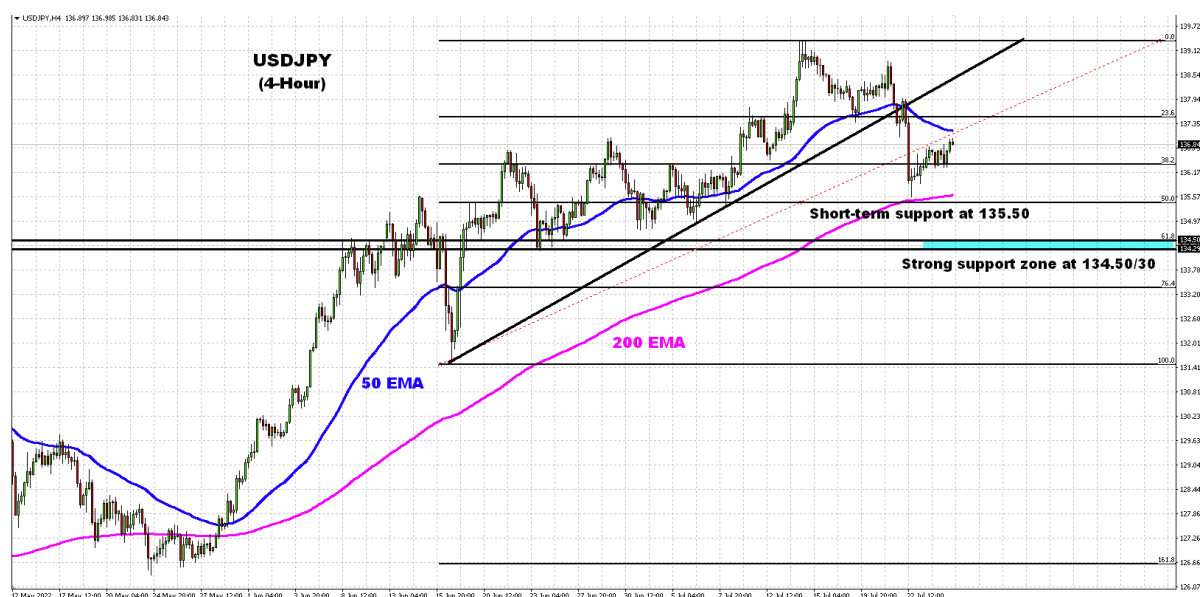
USDJPY

USDJPY remains in a clear uptrend as prices continue to show higher highs and higher lows price structure in the 4-hour chart.

Moreover, the pair stays firmer above the 200-exponential moving average reinforcing the positive bias.

In the near-term, we can see a slowdown in the bullish pressure and the pair is expected to trade sideways in the next hours. Buyers should preserve the support of 135.50 for another possible re-test of 138.00 level.

In the other hand, a break below 135.50 should push prices lower in the direction of 134.50/30 support zone.



USDCAD

The Loonie traded in a choppy manner since the beginning of the year amid USD strength and Oil volatility.

Looking at the recent price action in this pair, we have seen a failed rally above 1.3100 handle as prices traded briefly higher before to fall sharply to as low as 1.2820 level.

Buyers have lost control of the pair in the short-term as prices were unable to regain the 1.2935 former broker support that turned into resistance.

Therefore, traders should keep an eye on 1.2820 in the downside and 1.2935 in the upside before to act.

A break higher should lead to an extended recovery that might reach 1.2980/1.3000 handle, while a break lower of that price range can lead to a strong decline towards 1.2750 support.



GOLD

The yellow metal remains weak and continue to face selling pressure on every advance. Prices are trading clearly below the 200-exponential moving average.

Despite that, it is important to note that prices have reached an important daily support located at \$1680 per ounce and stabilized in the near-term.

Ahead of today’s FED meeting, if prices manage to drop towards the short-term support zone of 1703-1697, we might see new buyers for another retracement that can reach the resistance zone of 1745-1752.

Conversely, a daily close below 1680 is likely to reinforce the negative outlook.

