

# USDJPY Daily Update Tuesday 21st February 2023

## USDJPY Fundamentals:

**A US Holiday kept USDJPY** relatively quiet yesterday in a 133.92-134.53 range as it consolidated the 2% gains seen last week which took it from 131.35 on Monday to a high of 135.10 on Friday.

**This upside move** has been supported by higher US yields and Fed speakers discussing higher US rates for longer, with the added potential of a 50bps hike at the next FOMC meeting in March. There has also been the added kicker on the JPY side which has seen a new BoJ Governor announced, fueling speculation of what he may do next month around policy.

**Today has the potential** to be much busier again as the focus for traders shifts from inflation to economic growth with the release at **1445 GMT of S&P Global's preliminary US PMI data**. Expectations are for manufacturing (47.3) and services (47.2) to continue in contraction (below 50), however there is potential for improved readings, especially for services, which could panic markets that a stronger economy may mean bigger hikes are more likely.



## USDJPY Technicals:



### Daily Technicals:

Consolidation has developed after a strong advance, which failed around 134.76 (mid-point Nov 21st to Jan 16th sell-off).

This may prove pivotal this week with closing breaks a trigger to extend the advance to challenge 136.50 (62% retrace) even 138.17 (Dec 15th high).

However, failure at this point can see pressure build on 132.46 (38% retrace Feb upside) possibly on to 130.82 (deeper 62% retrace).



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