

USDJPY Daily Update

Wednesday 14th August 2024

USDJPY Fundamental Analysis:

USDJPY has traded in a wide range to start this week.

After opening at 146.40 on Monday, prices moved steadily higher as traders covered exposed short positions from the previous week's sell off. Prices initially rose 1.2% to a high of 148.21 but then reversed after Tuesday's US factory gate inflation (PPI) slowed more than expected, sending USDJPY to a low at 146.06 this morning, before recovering back higher again.



Looking forward, it could be a volatile end to the week for USDJPY with several important economic data releases from the US and Japan. First up is the **US Inflation (CPI) release at 1330 BST later this afternoon**. Traders will be keen to see if US inflation is still falling and if so, by how much. A bigger than expected drop could reignite recession concerns and see USDJPY start to fall again. On **Thursday, Japan's Preliminary GDP update is due at 0050 BST**, where economic growth in the country is in focus. Any disappointment here could take hopes of further BoJ rate hikes off the table for the rest of 2024. Then, later on **Thursday at 1330 BST, US Retail Sales** are released. Again, any fall below market expectations could see fears grow that US consumers are pulling back on spending with negative implications for US economic growth, which could mean bigger Fed rate cuts and a lower dollar.

USDJPY Technical Analysis:



Daily Analysis:

The recovery from the 141.67 low (Aug 5th extreme) has so far been held by resistance at 148.48 (mid-point Jul 30th to Aug 5th sell-off) and this level is the focus. While intact on a closing basis, risks are for breaks back under 145.80 (38% retrace Aug upside), then 144.21 (deeper 62% level).

Closes above 148.48 while not an outright positive, can open up tests of 150.09 (62% level).



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