

DAILY MARKET ANALYSIS 05-04-2022

Most major pairs struggled for direction on Monday, as market participants remained cautious ahead of the announcement of new sanctions on Russia. The focus remained on the Eastern Europe crisis. As announced, Moscow has moved troops away from Ukraine's northern region. However, Kyiv reported the massive assassination of civilians and war crimes, which resulted in western nations announcing plans to add sanctions on the Kremlin. French President Emmanuel Macron called to add sanctions on Moscow, while Germany and France decided to expel Russian diplomats from their countries. The US is also preparing more sanctions against Putin & Co. Ukraine's President Volodymyr Zelenskyy said that considering what Russia has done in the country, it's difficult to negotiate with them.

Stocks

U.S. stocks were flat in overnight trading Monday after major benchmark indices closed higher during regular trading as market participants bought the dip in technology shares following recent volatility, while monitoring proposed new sanctions against Russia amid mounting evidence of war crimes committed by its forces on the outskirts of Kyiv. Nasdaq jumped 1.9% in regular trading on Monday, while the S&P 500 gained 0.8% and the Dow added 0.3%

European stocks are expected to open flat to lower on Tuesday, trimming gains of the previous session, as investors await a batch of PMI releases in Europe and clues on how the West will respond to reports of war crimes near Kyiv. DAX edged 0.1% lower, while FTSE 100 and the CAC 40 were down by 0.2%.

Shares in Asia-Pacific were mixed in Tuesday trade, while the Reserve Bank of Australia kept its cash rate target unchanged. In Japan, the Nikkei 225 climbed 0.12% while the TOPIX index shed 0.29%. Elsewhere, Australia stocks rose as the S&P/ASX 200 advanced 0.26%. Markets in Hong Kong and mainland China are closed on Tuesday for a holiday.

Currencies

- US Dollar Index (DXY), faced some downside pressure in the vicinity of the 99.00 neighbourhood on turnaround Tuesday. After three consecutive daily advances, the upside momentum in the dollar seems to have run out of steam around the key 99.00 barrier. Now, the index is down 0.09% at 98.89.
- EUR/USD is holding steady below 1.1000, consolidating Monday's sell-off amid the worsening Ukraine crisis. The common currency was dragged down by concerns over the outlook of the bloc's economy amid the war in Ukraine and surging inflation.
- GBP/USD gained some positive traction on Tuesday amid modest USD weakness. The pair edged higher during the early part of the European session and inched back closer to mid-1.3100s, though the uptick lacked bullish conviction.
- The Australian Dollar rallied after the RBA left rates unchanged at 0.10% at their monetary policy meeting today. It was the hawkish tone that lifted the currency. The pair has surged strongly above 0.7600.



- The Japanese yen held above 122 per dollar on Tuesday, remaining under pressure though, after this morning's comments by the Bank of Japan Governor regarding the weak yen which were viewed by some as an attempt to soften the Bank's previous stance which was in favor of steady yen weakness.

Commodities

Gold hovered around \$1,930 an ounce on Tuesday, remaining sideways for a week now, as investors weighed expectations of more aggressive Federal Reserve rate hikes against geopolitical and economic risks.

WTI crude and Brent oil prices moved higher on Tuesday as the European Union (EU) is said to be readying a new package of economic sanctions against Russia. WTI crude rose more than 1% to above \$104 per barrel on Tuesday while Brent moved also higher at around \$108 per barrel.

Up Ahead – Wednesday 06-04-2022

- CAD Ivey PMI
- USD Crude Oil Inventories
- USD FOMC Meeting Minutes