

## DAILY MARKET ANALYSIS 03-06-2022

Ukraine marked 100 days of war Friday with its troops in brutal combat for the key eastern city of Severodonetsk, which is now mostly controlled by Russian forces. President Volodymyr Zelensky said the military situation in the city was dire and called the 20 percent of Ukraine under Russian occupation a “zone of total catastrophe.” He also condemned the continued shelling of Ukraine’s northern regions from across the Russian border. Washington issued new sanctions, with targets including several yachts linked to Russian President Vladimir Putin and an oligarch who heads a major steel producer. Meanwhile, data published by the ADP showed on Thursday that private-sector employment in the US rose by only 128,000 in May. This marked the lowest print since the beginning of the coronavirus pandemic and missed the market expectation of 300,000 by a wide margin, triggering a fresh dollar selloff.

### Stocks

U.S. stock indices lifted during Thursday’s evening deals, after major benchmark indices finished the regular session higher in choppy trade as investors remain wary of persistent inflation pressures ahead of key nonfarm payrolls data due later in the session. Dow Jones was up 0.1% while S&P 500 and Nasdaq 100 added 0.2% apiece.

European indices opened higher in trading on Friday morning, picking up where U.S. indices left off in a rally that could clinch a two-week bullish run for European markets. DAX traded 0.3% higher, while the Euro Stoxx 50 was up 0.25%. The CAC40 (+0.2%), and the IBEX 35 (+0.4%) were also up, while the FTSE MIB dipped 0.2%. The FTSE 100 is closed for trading today due to the Queen's platinum jubilee.

Shares in Asia-Pacific rose on Friday as several major regional markets were closed for a holiday and investors looked ahead to the release of U.S. jobs data for May. Japanese stocks led gains among the region’s major markets, with the Nikkei 225 gaining 1.27% on the day to 27,761.57. Australia’s S&P/ASX 200 climbed 0.88% to end its trading day at 7,238.80.

### Currencies

- The dollar index held around 101.7 on Friday after falling nearly 1% in the previous session, facing pressure from a strong rally in risk assets and uncertainties about the Federal Reserve’s monetary tightening plans. Overnight data showed US private payrolls rose less than expected last month, while investors await US non-farm payrolls data due later today to gauge the strength of the broader economy and guide the outlook for US monetary policy.
- EUR/USD has managed to rebound following Wednesday's sharp decline. The common currency is holding in positive territory slightly below 1.0700 during the European session on Thursday. The data from the euro area showed that producer inflation rose at a softer pace than expected in April.
- The GBP/USD pair is auctioning back and forth in a 1.2565-1.2590 range. It looks like a lackluster Asian session is carry-forwarding to the European shift and all eyes are set on the event of the US Nonfarm Payrolls (NFP). UK markets will be closed on Friday for Queen Elizabeth's Platinum Jubilee.
- The Australian dollar held around \$0.725 on Friday, hovering near its highest in six weeks, lifted by a global rally in risk assets and on expectations of domestic interest rate increases. The aussie also benefited from a recent slide in the greenback as mixed economic data muddied the outlook for US monetary policy.

- The Japanese yen weakened below 130 per dollar, approaching near a twenty-year low of 131.3 hit in early May. The pair picked up bids towards intraday high during the sluggish Friday morning in Europe as traders await the key US data/events. Also restricting the yen pair's immediate moves is the lack of major data/events amid the Asian session, as well as holidays in the UK and China.

### **Bonds**

US 10-year Treasury yields remained unchanged at around 2.915% by the press time while the yield on the German 10-year Bund climbed to 1.25%, the highest since July 2014 on expectations of faster interest rate increases by the ECB after preliminary data showed inflation for the Eurozone,

### **Commodities**

Gold traded around \$1,865 an ounce on Friday, hovering near its highest in nearly a month, buoyed by recent weakness in the dollar that has also put bullion on track for a third straight weekly gain. The dollar tumbled overnight as risk appetite returned to the markets and following data which showed US private payrolls rose less than expected last month, making greenback-priced bullion more attractive for overseas buyers.

Oil prices were roughly unchanged on Friday, clinging to gains made in the previous session on doubts that producers belonging to OPEC+ can hike their crude output enough to make up for lost supply from Russia. U.S. West Texas Intermediate (WTI) crude was down at \$115.40 a barrel while Brent crude was last seen at \$116.44 per barrel.

### **Up Ahead –Monday 06-06-2022**

- AUD MI Inflation Gauge m/m
- CNY Caixin Services PMI

*\*The information presented above is intended for informative and educational purposes, should not be considered as investment advice, or an offer or solicitation for a transaction in any financial instrument and thus should not be treated as such. Past performance is not a reliable indicator of future results.*