

## **DAILY MARKET ANALYSIS 20-07-2022**

European countries are being asked to curb their consumption of natural gas by at least 15% until next spring, as part of a wider plan to deal with reduced supplies from Russia. The European Commission, the executive arm of the EU, on Wednesday presented a plan on how countries can prepare for the winter period, when their energy needs are much higher.

### **Stocks**

European stocks retreated on Wednesday, as investors continued to digest corporate earnings, economic data and the potential path of monetary policy. U.S. stocks rallied Tuesday, however, with the market resuming a bounce from last month's lows, as traders bet on strong corporate earnings reports and wagered that markets have found a bottom.

### **Currencies**

- The US Dollar's reversal extended as risk appetite improved on Wall Street with more companies reporting better-than-expected earnings. Which watered down investor worries about a Fed tightening amidst higher inflation. At the close of trade in New York, the Dollar Index (DXY), a popular measure of the Greenback's value against a basket of 6 major currencies was 0.64% lower at 106.67 against 107.40 yesterday.
- EUR/USD The shared currency extended its corrective pullback against the US Dollar, climbing 0.76% to 1.0227 from 1.0140 yesterday (1.0087 Monday). The Euro traded to an overnight high at 1.0269 before easing toward the close.
- USD/JPY Against the Japanese Yen, the US Dollar settled at 138.15, modestly lower from yesterday's 135.25. Overnight, the USD/JPY pair traded to a high at 138.39. Lower US bond yields weighed on the Greenback. Overnight low traded for the USD/JPY pair was at 137.38. The Bank of Japan meets on its interest rate policy tomorrow.
- AUD/USD builds on its recovery move from the 0.6680 region, or over a two-year low touched last week and gains traction for the fourth successive day on Wednesday. Spot prices have climbed to a fresh monthly high and are holding steady above the 0.6900 mark through the early European session.

### **Bonds**

Treasury yields rose Tuesday as Wall Street assessed better-than-expected corporate earnings reports, and wagered whether stocks have found a bottom. The yield on the benchmark 10-year Treasury note was up at 3.008%, while the yield on the 30-year Treasury bond climbed to 3.166%. Yields move inversely to prices.

### **Commodities**



West Texas Intermediate (WTI), futures on NYMEX, is struggling to overstep the psychological resistance of \$100.00 in the Asian session. The black gold has observed mild selling pressure after the American Petroleum Institute (API) reported a build-up of oil inventories for the past week by 1.86 million barrels. Gasoline inventories rose by 1.29 million barrels, however, the distillate stocks fell by 2.1 million barrels.

#### **Up Ahead –Tuesday 19-07-2022**

- JPY BoJ Interest Rate Decision
- EUR ECB Deposit Rate Decision

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