

DAILY MARKET ANALYSIS 11-08-2022

Natural gas prices rose in the United States and Europe overnight. The US Henry Hub benchmark increased 4.71% to \$8.202 per million British thermal units (mmBtu). European prices at the Title Transfer Facility (TTF) gained more than 6%, pushing prices above 200 euros per megawatt hour. The Japan-Korea Market (JKM) price for Asia was nearly unchanged. Europe's gas storage is nearly 73% full as of August 10, according to Gas Infrastructure Europe (GIE) data. That is up 10% over the past 30 days despite heavily reduced flows from Russia via the Nord Stream 1 Pipeline. While the increased storage level is encouraging, Europe still faces a potential energy crisis, especially if the continent sees a colder-than-average winter.

Stocks

U.S. stock futures were trading slightly higher during Wednesday's evening deals, following a strong rally among major benchmark average during regular trade as highly anticipated inflation data eased slightly from 41-year highs. By 7:00pm ET (11:00pm GMT) Dow Jones Futures were little changed while S&P 500 Futures and Nasdaq 100 Futures dipped 0.2% apiece. In extended deals, Walt Disney (NYSE:DIS) added 6.8% after reporting Q3 EPS of \$1.09 versus \$0.98 expected on revenue of \$21.5 billion versus \$20.99 billion expected.

Currencies

- EUR/USD has edged higher toward 1.0350 in the early American session on Thursday. The data published by the US Bureau of Labor Statistics showed that the annual PPI declined to 9.8% in July from 11.3% in June, coming in lower than the market expectation of 10.4%.
- GBP/USD has regained its traction and turned positive on the day near 1.2240 in the second half of the day on Thursday. The softer than expected producer inflation data from the US seems to be weighing on the dollar and allowing the pair to stretch higher.
- USD/JPY Times of weaker JPY to persist. The Fed's continued path towards tight monetary policy together with most other G10 central banks hiking will keep the pressure on the JPY." "Without any changes from the Bank of Japan, which we don't expect in the foreseeable future, the door will be open for the JPY to reach 140 once more."
- AUD/USD holds lower grounds near the intraday low surrounding 94.00 after Australia's Consumer Inflation Expectations eased during August. In addition to the Aussie data, challenges to the sentiment also exert downside pressure on the cross-currency pair.

Bonds

The 10-year US Treasury note yield declined towards the 2.70% level, approaching a four-month low of 2.51% hit earlier this month as signs of cooling inflation prompted



investors to scale back expectations that the Fed would deliver another mammoth rate hike in September. Data showed US producer prices declined in July for the first time in over two years, while analysts expected them to increase, suggesting that producer inflation could be on a downward trend. On top of that, consumer prices in the US rose 8.5% annually in July, lower than expectations of 8.7%, while the core inflation rate unexpectedly stagnated. Hopes that inflation could be peaking drove investors to reconsider the Fed's dovish policy pivot, backtracking hawkish bets after last week's hot payroll data.

Commodities

Gold Gold reverses an intraday dip to the \$1,784-\$1,783 region and climbs to a fresh daily high during the early North American session. Bulls, however, seem struggling to capitalize on the move and push the XAU/USD back above the \$1,800 round-figure mark.

Up Ahead –Tuesday 12-08-2022

- USD PPI m/m

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