

DAILY MARKET ANALYSIS 10-08-2022

US Dollar Index plummeted after CPI prints. The index depreciated rapidly after US inflation figures showed the headline CPI rose less than initially expected in July. Indeed, consumer prices rose 8.5% and 5.9% when it comes to the core reading, both prints slowing the upside traction from the previous month.

Stocks

Wall Street rose sharply at the open on Wednesday as data showed a slower-than-expected rise in inflation last month prompted traders to cut their bets on a third straight 75-basis-point interest rate hike in September. The Dow Jones Industrial Average rose 356.22 points, or 1.09%, at the open to 33,130.63. The S&P 500 opened higher by 58.55 points, or 1.42%, at 4,181.02, while the Nasdaq Composite gained 299.51 points, or 2.40%, to 12,793.44 at the opening bell.

Currencies

- EUR/USD has gathered bullish momentum and advanced toward 1.0350 on Wednesday before going into a consolidation phase. With the greenback struggling to find demand after soft July inflation data, the pair holds above 1.0300 and clings to strong daily gains.
- GBP/USD has surged above 1.2200 on Wednesday amid broad-based USD weakness. The data from the US revealed that the Core CPI stayed unchanged at 5.9% in July, compared to the market expectation of 6.1%, and triggered a dollar selloff.
- USD/JPY Dollar's rally from August's 7-week trough of 130.41 to 135.57 Monday signals correction from July's 24-year peak at 139.39 has possibly ended and as 134.37 has contained retreat, upside bias remains but above 135.57 is needed to extend gain towards 135.96
- AUD/USD pair rallies to its highest level since June 16 in reaction to softer US consumer inflation figures and now seems to have stabilized around the 0.7055-0.7060 region.

Bonds

The yield on the 10-year US Treasury note declined sharply to the 2.7% level, approaching the four-month low of 2.5% hit earlier in the month as lower than expected inflation figures eased worries that the Fed will extend its aggressive tightening pace. 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 the rise in consumer prices have peeked drove investors to reconsider the Fed's dovish policy pivot, backtracking hawkish bets after last week's hot payroll data.

Commodities



Gold turns positive for the third successive day on Wednesday and jumps to a fresh six-week high, around the \$1,808 region during the early North American session. The US dollar weakens across the board, plunging to its lowest level since July 4 in reaction to softer US consumer inflation figures. This turns out to be a key factor pushing the dollar-denominated gold higher for the third successive day on Wednesday.

Up Ahead –Tuesday 11-08-2022

- USD Core CPI m/m

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