

DAILY MARKET ANALYSIS 05-08-2022

The U.S. dollar edged higher in early European trade Friday, attempting to recoup some of the previous session's hefty losses ahead of the release of the widely-watched monthly U.S. employment report. At 02:50 AM ET (0650 GMT), the Dollar Index, which tracks the greenback against a basket of six other currencies, traded 0.2% higher at 105.785, after slumping 0.7% overnight, the largest fall since July 19.

Stocks

European equities have registered gains this week as largely positive corporate earnings have largely overshadowed fears that the region is heading for an economic slowdown later this year.

Currencies

- EUR/USD is heading south towards 1.0200, as the US dollar extends its recovery amid a cautious risk tone. Investors assess the latest German data amid looming recession risks. US Nonfarm Payrolls data is eagerly awaited.
- GBP/USD pair reverses modest intraday losses and climbs back closer to the daily high during the early European session. The pair is currently trading just above the mid-1.2100s and might now be looking to build on the overnight bounce from the weekly low touched in reaction to the Bank of England's bleak economic outlook.
- USD/JPY Despite the sharp pullback, downward momentum has not improved by much. That said, there is room for USD to dip to 132.30. The next support at 131.80 is not expected to come under threat. On the upside, a breach of 134.10 (minor resistance is at 133.65) would indicate that the current mild downward pressure has eased.
- AUD/USD struggles to justify the Reserve Bank of Australia's (RBA) quarterly Monetary Policy Statement, generally called MPS or SoMP, during Friday's Asian session.

Bonds

U.S. government debt prices traded lower Friday morning ahead of fresh jobs data. At around 2:30 a.m. ET, the yield on the benchmark 10-year Treasury note rose to 2.6809% and the yield on the 30-year Treasury bond moved higher to 2.9638%. Yields move inversely to prices.

Commodities

Oil prices have fallen sharply from their recent peaks, but there's still a case for buying oil stocks, according to Bill Smead, chief investment officer at Smead Capital Management.

That's because energy prices are likely to stay high or even increase further, he told CNBC's "Street Signs Asia" on Thursday. He described the slide in crude prices as



“the first significant correction” in a bull market that started in the spring of 2020 after prices crashed.

Up Ahead –Tuesday 08-08-2022

 NZD Inflation Expectations q/q

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