

DAILY MARKET ANALYSIS 19-08-2022

The U.S. dollar rose to a new one-month high in early European trade as Federal Reserve policymakers pointed to further aggressive interest rates ahead in the battle to tame soaring inflation. At 03:05 ET (07:05 GMT), the Dollar Index, which tracks the greenback against a basket of six other currencies, traded 0.1% higher to 107.567, after earlier touching 107.72, its highest since July 18.

Stocks

The three major U.S. indexes were primed to open in negative territory Friday morning, dimming hopes for a fifth straight winning week for the S&P 500. Stocks have otherwise done pretty well since the brutal first half concluded, but investors are still looking for certainty despite some recent cooling in price increases.

Currencies

- EUR/USD remains unable to gather some upside traction and wobbles in the lower end of the weekly range following Thursday's sharp pullback, always against the backdrop of the firm sentiment surrounding the US dollar.
- GBP/USD has neared the 1.18 level while EUR/GBP has hit 0.85. Kit Juckes, Chief Global FX Strategist at Société Générale, believes that the British pound is set to sustain further losses.
- USD/JPY pair builds on the overnight bullish breakout momentum through the 50-day SMA resistance and gains traction for the fourth successive day on Friday. The upward trajectory prolongs through the early part of the European session and pushes spot prices to over a three-week high, around the 136.75 region.
- AUD/USD pair extends its recent sharp rejection slide from a technically significant 200-day SMA and drifts lower for the fifth successive day on Friday. The downward trajectory drags spot prices to a two-week low, around the 0.6875 region during the mid-European session.

Bonds

U.S. Treasury yields moved higher on Friday as investors digested the previous day's data release, which showed jobless claims edging lower, below expectations. The yield on the benchmark 10-year Treasury note was up 4 basis points at 2.926% at 8:30 a.m. ET, while the yield on the 30-year Treasury bond traded up about 3 basis points to 3.1728%. Yields move inversely to prices, and a basis point is equal to 0.01%.

Commodities

Gold price has dropped back to \$1,750, its lowest level since the end of July. Strategists at Commerzbank highlight the issues of the yellow metal to see gains.

Up Ahead –Monday 22-08-2022



- EUR German Flash Manufacturing PMI
- USD Flash Services PMI

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