

DAILY MARKET ANALYSIS 18-08-2022

The dollar touched a three-week high on Thursday after minutes from the Federal Reserve's July meeting pointed to U.S. interest rates staying higher for longer to bring down inflation. The stronger greenback caused the pound briefly to dip below \$1.2 in early European trading, its lowest in three weeks, the euro to drop to as low as \$1.0146 and the Japanese yen to drift down to 135.45 per dollar.

Stocks

The Dow slid 0.5% through Wednesday's regular trading session, breaking its five-day-long gains. The S&P 500 and the Nasdaq also recorded losses of 0.72% and 1.21%, respectively at the closing bell.

Currencies

- EUR/USD pair fell to an intraday low of 1.0145 as the greenback maintained its positive tone during Asian trading hours. The latter lost steam with London's opening amid easing risk-off flows, and major pairs head into the US open trading within familiar levels
- GBP/USD has reversed its direction after having tested 1.2000 earlier in the day. The pair could extend recovery if 1.2050 support holds, FXStreet's Eren Sengezer reports.
- USD/JPY pair struggles to capitalize on its gains recorded over the past two sessions and meets with some supply ahead of the 135.50 area. Spot prices drop to a fresh daily low during the early North American session, albeit quickly bounce back to the 135.00 psychological mark.
- AUD/USD pair reverses an intraday dip to sub-0.6900 levels and stages a bounce. The pair prolongs its recovery move through the first half of the European session and touches a fresh daily high, around the 0.6970 region in the last hour.

Bonds

The yield on the 10-year US Treasury note edged below the 2.9% level as minutes from the FOMC July meeting did not give a specific guidance for the Federal Reserve and emphasized that the central bank will continue make data-dependent decisions. Policymakers also showed general consensus that the current 2.25%-2.5%

Commodities

Gold On Wednesday, gold closed the third straight day in negative territory as the FOMC minutes were a dud. Strategists at TD Securities believe that the Jackson Hole symposium next week could dent demand for the yellow metal as Fed Chair Powell may push back against market pricing for rate cuts.

Up Ahead –Tuesday 19-08-2022



- GBP Retail Sales m/m

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