

## **DAILY MARKET ANALYSIS 22-08-2022**

The Dax continued its fall from last week's inflection point, declining 280 odd points to start the week on the back foot. There may be more pain ahead for the index as worries over a German recession are ramped up by comments from the Bundesbank. The German central bank said it sees more wage pressures ahead as well as inflation of around 10% in the Autumn as government aid expires. The bank also reiterated its belief that a recession is now more likely given the current economic outlook.

### **Stocks**

U.S. stock markets opened sharply lower on Monday as investors adopted a cautious stance at the start of a week that will culminate in the Federal Reserve's annual central banking symposium on Friday. By 09:40 ET (13:40 GMT), the Dow Jones Industrial Average was down 408 points, or 1.2%, at 32,299 points. The S&P 500 was also down by 1.4% and the Nasdaq Composite was down by 1.5%.

### **Currencies**

- EUR/USD breaks below the parity level to clinch fresh 6-week lows at the beginning of the week. Further losses appear in the pipeline for the time being. Against that, the pair could confront the 2022 low at 0.9952 (July 14) in case of a convincing breakdown of the parity region.
- GBP/USD Prospects for sterling remain very dim but a lot of bad news may already be priced into the GBP outlook – which might be the best we can say about the pound for now. A drop to the 1.17000/10 is the least we can expect from the GBP in the coming days.
- USD/JPY pair reverses an intraday dip to the 136.70 area and now seems headed back to a three-and-half-week high touched earlier this Monday. The pair holds on to its positive bias for the fifth successive day and is seen trading above the 137.00 mark during the early North American session.
- AUD/USD pair kicks off the new week on a positive note and snaps a five-day losing streak to a nearly one-month low touched on Friday. The pair maintains its bid tone through the early European session, albeit struggles to find acceptance or build on the momentum beyond the 0.6900 round-figure mark.

### **Bonds**

Treasury yields rose on Monday as investors looked ahead to the Jackson Hole economic symposium. The yield on the benchmark 10-year Treasury note traded up slightly to 2.996% at 10:04 a.m. ET, while the yield on the 30-year Treasury bond gained 1 basis point to 3.238%. Yields move inversely to prices, and a basis point is equal to 0.01%. The yield on the short-term 2-year Treasury note rose to trade at about 3.29%.



## **Commodities**

**Gold** prolongs its recent bearish trajectory for the sixth successive day and drops to a nearly four-week low on Monday. The downfall, however, stalls near the \$1,728 area amid the prevalent risk-off environment, which tends to benefit the safe-haven precious metal.

## **Up Ahead –Monday 23-08-2022**

- EUR German Flash Manufacturing PMI
- USD Flash Services PMI

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