

DAILY MARKET ANALYSIS 26-08-2022

The Dax opened higher in early European trade before declining as the session wore on. Yesterday saw the index post its second consecutive day of gains thanks to a rally in the US session. Following on from its early week losses the index has shown some fight in the lead up to the highly anticipated Jackson Hole symposium which kicked off last night.

Stocks

The S&P 500 and the Nasdaq were subdued on Friday in early trading as investors were nervous about hawkish signals from Federal Reserve Chair Jerome Powell at the annual Jackson Hole symposium amid fears of slowing economic growth. Powell's speech at 10:00 a.m. ET will be scrutinized for any indication that an economic slowdown might alter the Fed's monetary policy tightening path and if the central bank can achieve a "soft landing."

Currencies

- EUR/USD struck the day's lows during the European session, at 0.9946, before the common currency staged a comeback, reaching a daily high at 1.0040, as investors await further hawkish guidance from Fed officials. At the time of writing, the EUR/USD is trading at 1.0065, above its opening price.
- GBP/USD pair reverses an intraday slide to the 1.1775 region and refreshes the daily peak heading into the North American session, though lacks follow-through buying. Spot prices hold steady around the 1.1825-1.1830 region and move little in reaction to the US macro data.
- USD/JPY Although dollar's up-move from August's 130.41 low to 137.71 Tuesday suggests correction from July's 24-year peak at 139.39 has ended, subsequent brief but sharp re-treat to 135.82 the same day and subsequent choppy swings would continue before prospect of another rise, above 137.24 (Wednesday top), 137.60/70.
- AUD/USD pair edges lower on Friday and erodes a part of the previous day's strong gains to the 0.7000 neighbourhood, or over a one-week high. The pair remains on the defensive through the first half of the European session, though manages to find some support near mid-0.6900s and recovers a few pips from the daily low.

Cryptos

Crypto ATM firm Bitcoin Depot aims to go public in 2023 via \$885M SPAC deal. Bitcoin Depot, a major cryptocurrency ATM provider in the United States, is planning to go public through a merger with a special-purpose acquisition company (SPAC).

Commodities

Gold: continues losing ground through the early North American session, albeit rebounds from the daily low in reaction to softer US economic data. The XAU/USD is currently trading just above the \$1,750 level, still down nearly 0.50% for the day.

Oil: The energy minister of the largest OPEC producer described cutting oil production as one possible way to bring oil prices back into alignment with fundamentals, talking in this context of a disconnect. The impression remains that Saudi Arabia is not willing to tolerate any price slide below \$90. Speculators could view this as an invitation to bet on further price rises without the need to fear any more pronounced price declines.

Up Ahead –Monday 29-08-2022

- GBP Bank Holiday

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