

DAILY MARKET ANALYSIS 29-08-2022

The Dax opened with a gap of 120 odd points to the downside before rallying to close the gap during European trade with stocks set for a near 3% drop over the last two sessions. The volatility gauge for euro-zone stocks, 'Europe's fear index' jumped to a six-week high of 29.4. Investors were still digesting the hawkish statements from the Federal Reserve's top policymaker as well as the looming shutdown of a key flow of Russian gas supplies.

Stocks

U.S. stocks fell again on Monday as investors worried about an aggressive effort by the Fed to quash inflation. At 10:41 ET (14:41 GMT), the Dow Jones Industrial Average was down 241 points, or 0.7%, while the S&P 500 was down 0.7% and the NASDAQ Composite was down 0.9%. Tech stocks were heavily battered early Monday as investors continued to be spooked by remarks from Federal Reserve Chair Jerome Powell on Friday. Powell indicated the central bank would do whatever it took to get inflation back in its targeted range. Rising rates hit growth stocks particularly hard.

Currencies

- EUR/USD Economists at Wells Fargo expect the euro to remain under downside pressure. Subsequently, the EUR/USD pair is expected to slide to 0.9600 or even lower. Further downside in the euro. "We still expect further downside in the euro." "Given energy supply disruptions, earlier Eurozone recession and a relatively limited monetary tightening cycle from the European Central Bank (ECB), we expect the EUR/USD exchange rate to fall to 0.9600 or lower."
- GBP/USD pair stages a goodish bounce from the 1.1650-1.1645 region, or its lowest level since March 2020 touched earlier this Monday. The pair hits a fresh daily high during the early North American session, though lacks follow-through buying and is currently placed just above the 1.1700 mark.
- USD/JPY gains traction for the second straight day and climbs to its highest level since mid-July. Economists at Wells Fargo expect the pair to surge above 140 by early 2023.
- AUD/USD The Aussie dollar started the week in negative mode, opening with gap lower after hawkish comments from Fed chair Powell further boosted the US dollar and extending last Friday's 1.2% drop.

Cryptos

The largest cryptocurrencies were mixed during morning trading on Monday, with Ripple XRPUSD, -2.62% seeing the biggest move, dropping 2.66% to 33 cents.

Uniswap UNIUSD, +3.59% lead the increases with a 2.57% climb to \$6.15. Three other currencies posted decreases Monday.

Dogecoin DOGEUSD, -0.96% slipped 0.72% to 6 cents, and Bitcoin Cash BCHUSD, +0.39% slid 0.30% to \$117.83.

Cardano ADAUSD, +0.38%, which rounded out the decreases, inched down 0.11% to 44 cents.

Commodities

Gold: remains under heavy selling pressure for the second successive day on Monday and drops to over a one-month low, around the \$1,720 area during the early part of the European session. The US dollar hits a fresh two-decade high amid rising bets for more aggressive Fed rate hikes and continues to weigh on the dollar-denominated commodity.

Up Ahead –Tuesday 30-08-2022

- EUR German Prelim CPI m/m
- USD CB Consumer Confidence

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