

DAILY MARKET ANALYSIS 30-08-2022

German inflation rose to 7.9% in August, up from 7.6%, above expectations of 7.8%. Subsequently reaffirming the case of further ECB tightening, which at present could see the central bank move towards a 75bps hike at its upcoming meeting, according to the more hawkish ECB members. As it stands, money markets are pricing in 62bps of tightening, however, while the ECB may deliver larger than usual rate hike, the bias remains lower for the Euro given the ongoing energy crisis.

Stocks

Stock futures rose early Tuesday morning as investors looked for a possible bottoming out of the market dip that was triggered by the Fed's comments last Friday. Futures on the Dow Jones Industrial Average (DJIA) inched 0.68% higher, while those on the S&P 500 (SPX) gained 0.84%, as of 5.52 a.m. EST, Tuesday. Meanwhile, the Nasdaq 100 (NDX) futures advanced 1.10%.

Currencies

- EUR/USD is up for the second session in a row and continues to capitalize the renewed selling pressure hurting the greenback, which saw the US Dollar Index (DXY) print new 20-year peaks around 109.50 early on Monday, just to give away those gains afterwards.
- GBP/USD traded at a new low for this move on Monday near 1.1650 but has rebounded to trade just above 1.17. Economists at BBH expect the pair to test the March 2020 low near 1.1410.
- USD/JPY pair edges lower on Tuesday and for now, seems to have snapped a two-day winning streak to its highest level since mid-July, around the 139.00 mark touched the previous day. The pair remains on the defensive through the first half of the European session and is currently hovering around the 138.30-138.25 area, just a few pips above the daily high.
- AUD/USD pair attracts some dip-buying near the 0.6875 region on Tuesday and turns positive for the second successive day. The momentum allows spot prices to recover further from a six-week low touched on Monday and climbs to mid-0.6900s during the first half of the European session amid the emergence of fresh US dollar selling.

Cryptos

Bitcoin and other cryptocurrencies were bouncing back Tuesday after trading around the lowest levels in more than a month through the weekend. But prices remain depressed, and traders are eyeing Bitcoin at a key level as a buying opportunity.

Commodities

Gold: reverses a modest intraday dip to the \$1,729 area and turns neutral during the first half of the European session, though it lacks any follow-through. The XAU/USD



is currently seen exchanging hands at around the \$1,735 region and so far, has struggled to capitalize on the overnight bounce from over a one-month low.

OIL: Crude Oil plunged after reaching 97.65 level today. Now, it was traded at 94.18 at the time of writing and it seems determined to reach and retest the near-term downside obstacles.

Up Ahead – Wednesday 31-08-2022

- USD ADP Non-Farm Employment Change

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