

DAILY MARKET ANALYSIS 01-09-2022

The U.S. Federal Reserve last week struck a hawkish tone on combating inflation via monetary policy, but analysts are concerned about the potential threat of its persistent tightening strategy. Fed Chairman Jerome Powell warned that the U.S. economy will face “some pain” as the central bank continues raising interest rates aggressively, prompting markets to sell off once again on the increased prospect of a recession.

Stocks

U.S. stock futures dipped early Thursday morning as investors prepared to begin September with renewed fears of near-term economic health after closing August in the red. Futures on the Dow Jones Industrial Average (DJIA) inched 0.52% lower, while those on the S&P 500 (SPX) lost 0.71%, as of 4.20 a.m. EST, Thursday. Meanwhile, the Nasdaq 100 (NDX) futures dipped 1.04%.

Currencies

- EUR/USD comes under renewed and marked downside pressure, slipping back below the key parity zone on Thursday.
- GBP/USD has failed to shake off the bearish pressure. The pair is likely to suffer additional losses with safe-haven flows dominating the markets.
- USD/JPY posted new 24-year high on break through former 2022 peak, posted in July.
- AUD/USD is plunging towards a new six-week low at 0.6790, penetrating the symmetrical triangle to the downside.

Cryptos

Bitcoin (BTC-USD) has fallen under \$20,000 on Monday as the cryptocurrency has felt continued lagging effects from Federal Reserve Chair Jerome Powell’s hawkish remarks made Friday at the Jackson Hole Economic Symposium.

Commodities

Gold: With every downtick, the risk of capitulation in gold is rising. Economists at TD Securities expect the yellow metal to slump below the \$1,675 level. China’s appetite for gold has remained resilient. “The top players in Shanghai markets continue to add to their gold length, despite a depreciating CNY. These flows, alongside central bank demand, have likely kept gold from melting in a liquidity vacuum amid a hawkish Fed narrative. Nonetheless, the risk of capitulation from bloated prop-shop positioning is growing with every tick lower in prices as we approach this cohort’s pandemic-era entry levels.”

Up Ahead – Friday 02-08-2022



- USD Average Hourly Earnings m/m
- USD Non-Farm Employment Change
- USD Unemployment Rate

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