

DAILY MARKET ANALYSIS 08-09-2022

The ECB has raised all three key interest rates by 75bps to weigh on record levels of inflation in the Euro Area. The move to hike interest rates by 75bps had largely been expected by economists and markets, hence the initial impact on the Euro has been tepid thus far.

Stocks

European stocks edged lower on Thursday after the European Central Bank delivered its biggest-ever interest rate hike in the clearest hawkish sign yet to fight against inflation, while shares of banks surged. The ECB raised its benchmark lending rate by 75 basis points, in a major step to fast-track the transition from the highly accommodative levels towards levels that can help normalize inflation to the central bank's 2% medium-term target.

Currencies

- EUR/USD keeps the daily range after the ECB raised the interests rates by 75 bps, as widely expected. That said, the interest on the main refinancing operations, the interest rate on the marginal lending facility and the deposit facility are now at 1.25%, 1.50% and 0.75%, respectively.
- GBP/USD has revisited 2020 low near 1.1410. An initial bounce is not ruled out however July trough of 1.1760/1.1840 is likely to cap.”
- USD/JPY Despite resumption of recent impressive gain to a fresh 24-year peak of 144.98 ahead of New York open Wednesday, subsequent fall to 143.68 on broad-based profit taking in usd signals choppy swings are seen before another rise next week and above 144.98/00 would extend towards 145.48.
- AUD/USD pair struggles to capitalize on the overnight goodish rebound from sub-0.6700 levels, or its lowest level since July 14 and meets with a fresh supply on Thursday. The pair remains depressed through the first half of the European session and is currently placed around the 0.6750 region.

Cryptos

Bitcoin price shows an ongoing consolidation as it hovers at the same level for the past six days with no signs of directional bias. A breakout from this tightening range could result in a bearish move that eyes a sweep of the sell-stop liquidity below recent lows.

Commodities



Gold: struggles to capitalize on its intraday positive move to a one-and-half-week high and meets with a fresh supply near the \$1,728 region on Thursday. The pullback extends through the early North American session and drags spot prices to a fresh daily low, closer to the \$1,710 level in the last hour.

Oil: The oil market continues to be determined by the dominant theme of demand destruction – a direct result of aggressive monetary tightening which is gaining traction globally.

Up Ahead – Friday 09-09-2022

- CAD Unemployment Rate

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