

DAILY MARKET ANALYSIS 22-09-2022

The U.S. central bank lifted rates by 75 basis points on Wednesday as widely expected, and pointed to more rate hikes ahead, a steeper and longer trajectory than markets had priced in. Fed Chair Jerome Powell said the central bank is now willing to risk weakness in the economy as it moves to rein in inflation. This slowdown is likely to have a wider impact given the U.S. economy's role as a major global growth driver.

Stocks

European stock markets traded sharply lower Thursday as investors digested another large interest rate hike by the U.S. Federal Reserve, likely setting the scene for aggressive monetary tightening by the Bank of England and the Swiss National Bank.

Currencies

- EUR/USD recovered modestly during the European trading hours. The pair needs to reclaim 0.9880 to extend the rebound, FXStreet's Eren Sengezer reports.
- GBP/USD pair attracts some buying in the vicinity of the 1.1200 mark and rebounds from its lowest level since 1985 touched during the early European session this Thursday. The pair is currently trading near the daily high, just below the 1.1300 mark, though any meaningful recovery seems elusive as the focus remains on the crucial Bank of England policy decision.
- USD/JPY pair catches fresh bids during the early European session and hits a new 24-year high, with bulls now eyeing to reclaim the 146.00 round-figure mark.
- AUD/USD pair remains under heavy selling pressure for the third straight day on Thursday and drops to the 0.6580 region - the lowest since May 2020 during the early European session.

Cryptos

The Nasdaq U.S. stock exchange is eyeing a push into institutional custody services for bitcoin and cryptocurrency. The move would mark a new chapter for the company that has so far chosen to not compete in a market currently dominated by the likes of Coinbase, BitGo and Gemini. Instead, the exchange has serviced these institutions with offerings such as its trading and market surveillance technologies.

Commodities

Gold: reverses the bounce off two-year low year, marked the previous day, as risk-aversion intensifies ahead of the key central bank events. That said, the metal's latest



weakness could also be linked to the US Federal Reserve's (Fed) third rate hike worth 75 basis points (bps) and hopes of a painful journey to tame inflation moving forward.

Up Ahead – Friday 23-09-2022

- EUR German Flash Manufacturing PMI
- GBP Flash Manufacturing PMI
- USD Flash Manufacturing PMI

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