

DAILY MARKET ANALYSIS 23-09-2022

We're nearing the end of what's been a brutal week for the risk trade and there's been a number of central banks reporting rate hikes, with perhaps a disconcerting theme showing up. The UK hiked rates by 50 basis points yesterday and Sterling responded by spilling down to a fresh 37-year-low. And then this morning's unveil of the UK budget didn't seem to help matters much, as a program of energy subsidies and tax cuts merely helped to push the Pound to another lower-low against the US Dollar.

Stocks

U.S. stocks tumbled in early trading, with the Dow breaching below 30,000, on increased worry about a global economic slowdown. At 10:23 ET (14:23 GMT), the Dow Jones Industrial Average was down 424 points, or 1.4%, while the S&P 500 was down 1.7% and the NASDAQ Composite was down 1.9%. The S&P and Nasdaq are in a bear market, which means they've both fallen 20% or more from their recent highs.

Currencies

- EUR/USD is trading within a touching distance of 0.9750 (static level). With a four-hour close below that level, additional losses toward 0.9700 and 0.9660 (August 2002 low) could be witnessed.
- GBP/USD is collapsing from 1.1200, eyeing a break below the 1.1000 figure, which was last seen in March 1985, courtesy of dismal market sentiment, spurred by worldwide central bank tightening to quell price pressures.
- USD/JPY The Japanese yen moved above 145 against the US dollar. This forced the Japanese government to step in to intervene. USD/JPY turned back lower but economists at Nordea expect the pair to move back higher as the Bank of Japan (BoJ) maintains its stimulative monetary policy.
- AUD/USD pair continues losing ground through the first half of the European session on Friday and drops to the 0.6565 area or its lowest level since May 2020.

Cryptos

Most of the largest cryptocurrencies were down during morning trading on Friday, with Ethereum ETHUSD, -2.94% seeing the biggest move, falling 4.21% to \$1,268.46. Six additional currencies posted decreases. Polkadot DOTUSD, -2.39% fell 3.18% to \$6.23, and Bitcoin BTCUSD, -2.85% fell 3.00% to \$18,668.92. Cardano ADAUSD, -2.21% fell 3.00% to 45 cents, while Litecoin LTCUSD, -1.69% shed 2.71% to \$51.76. Bitcoin Cash BCHUSD, -1.57% dropped 2.15% to \$113.13.



Commodities

Gold: drops to its lowest level since April 2020, around the \$1,641 area on Friday and confirms a fresh breakdown below a one-week-old trading range. The XAU/USD maintains its offered tone through the early North American session and seems vulnerable to slide further.

Up Ahead – Monday 26-09-2022

- EUR ECB President Lagarde Speaks

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