

DAILY MARKET ANALYSIS 26-09-2022

British Pound Plummets as US Dollar Roars in Risk-Off Rout. The British Pound is trading at levels not seen since the Bretton Woods monetary system was abandoned in 1972. The US Dollar continues to trade higher as assets perceived as safe havens are being sought. Sterling collapsed again on Monday after the mini budget delivered on Friday has the market raising questions of the UK's financial position after significant tax cuts were announced.

Stocks

Stocks on Friday sold off sharply, with the S&P 500 and Nasdaq 100 falling to 3-month lows and the Dow Jones Industrials dropping to a 1-3/4 year low. Soaring global interest rates Friday sparked heavy long liquidation pressure in the stock market. The 10-year T-note yield Friday jumped to a 12-year high of 3.825%, the UK 10-year gilt yield jumped to an 11-year high of 3.848%, and the 10-year German bund yield rose to a 10-year high of 2.112%.

Currencies

- EUR/USD After bottoming out in the 0.9550 region, EUR/USD now manages to regain some poise and reclaim the area above 0.9600 the figure at the beginning of the week.
- GBP/USD consolidates the daily loss around the record low, picking up bids to 1.0660 heading into London open on Monday, amid talks of the Bank of England's (BOE) rate hike.
- USD/JPY retreats to 143.80 during the two-day uptrend to the initial Monday morning in Europe. The yen pair's latest weakness could be linked to the mixed comments from Bank of Japan (BOJ) Governor Haruhiko Kuroda, especially amid the hopes of the market intervention and fears emanating from Russia.
- AUD/USD pair stages a modest recovery from its lowest level since May 2020 set earlier this Monday, though lacks any follow-through buying. The pair seesaws between tepid gains/minor losses through the early European session and is currently placed just above the 0.6500 psychological mark.

Cryptos

The largest cryptocurrency by market capitalization was recently trading at about \$18,800, down slightly less than a percentage point over the past 24 hours. The decline capped a turbulent week of steep interest rate hikes by the U.S. Federal Reserve and other central banks and shrinking economic indicators that point increasingly toward recession. "Bitcoin remained under pressure due to the macro



economic environment, and we maintain that below \$20,000 remains a strong accumulation opportunity for mid- to long-term horizons,"

Commodities

Gold: After having dropped to its weakest level in over two years below \$1,630 during the Asian trading hours, gold staged a rebound and advanced beyond \$1,640. The benchmark 10-year US T-bond yield is up 2% on the day, not allowing XAU/USD to gather further bullish momentum.

Up Ahead – Tuesday 27-09-2022

- USD Fed Chair Powell Speaks

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