

DAILY MARKET ANALYSIS 28-09-2022

The Bank of England today announced that it start a new, temporary program to buy long-dated gilts to stem the recent heavy sell-off in the UK gilt market. The recent re-pricing of UK financial markets has been noted by the UK central bank which has been forced to act. 'This repricing has become more significant in the past day – and it is particularly affecting long-dated UK government debt. Were dysfunction in this market to continue or worsen, there would be a material risk to UK financial stability', according to a BoE statement.

Stocks

Stock indexes declined and the US dollar surged while the British Pound and UK bonds experienced a historic decline. The disorderly movement of GILT yields prompted the Bank of England to act in effort of calming the market, with the Central Bank launching an emergency QE program in which it will purchase long-term bonds.

Currencies

- EUR/USD According to analysts at Wells Fargo, the EUR/USD pair could drop to 0.91 by the first quarter of next year. They point out that the European Central Bank will lag well behind the Federal Reserve and also consider that economic conditions in the Eurozone are worsening.
- GBP/USD It has been another volatile day in the US session and GBP/USD has rallied from a low of 1.0538 to a high of 1.0911 so far in what has been a massive turnaround for the pair, surpassing the prior day's highs and now embarking on the highs of the week.
- USD/JPY drops from weekly highs around 144.90 due to improved market sentiment and also falling US bond yields, with the US 10-year T-note plunging 23 bps, from around 4.01% to 3.73%. At the time of writing, the USD/JPY is trading at 143.99, below its opening price by 0.57%.
- AUD/USD pair is expected to drop to near 0.6400 despite the release of the lower-than-expected monthly Retail Sales data. The economic data has landed at 0.6%, higher than the estimates of 0.4%, but lower than the prior release of 1.3%.

Cryptos

South Korean authorities told CNBC Wednesday that they have asked two cryptocurrency exchanges to freeze more than \$60 million worth of bitcoin linked to Do Kwon, the founder of the company behind two now-collapsed digital coins.



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Commodities

Gold: Gold price (XAU/USD) retreats to \$1,658, after posting the biggest daily jump in six months to recover from the two-year low, as buyers reassess the bullish move considering the presence of the risk-negative catalysts.

Up Ahead – Thursday 29-09-2022

- CAD GDP m/m
- NZD RBNZ Gov Orr Speaks

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