

DAILY MARKET ANALYSIS 29-09-2022

The dollar stands victorious after the US Federal Reserve spurred volatility across the FX board. As widely anticipated, the American central bank hiked the benchmark rate by 75 bps to 3.25%, while policymakers maintained their determination to bring inflation down to target. However, there was no innovation in monetary policy; generally speaking, they are confident about economic progress.

Stocks

The bear market has been driven by multiple compression, making valuations look relatively compelling. Yet, expected weakness in earnings may limit the upside potential for stocks, economists at Charles Schwab report. Fed remains engaged in one of the most aggressive rate-hiking cycles in history “The indisputable reality today is that the Fed remains engaged in one of the most aggressive rate-hiking cycles in history. Confirmed by what we've seen this year, that has historically weighed on valuations.”

Currencies

- EUR/USD has turned south and declined below 0.9700. In the opinion of Kit Juckes, Chief Global FX Strategist at Société Générale, the pair is set to post a new cycle low.
- GBP/USD BoE rate hikes to fall well short of the Fed. With the UK still seen falling into recession and CPI inflation expected to peak lower than previously.
- USD/JPY remains on the front foot around 144.65, refreshing intraday high while paring the previous day's losses ahead of Thursday's European session.
- AUD/USD pair struggles to capitalize on the overnight solid bounce of over 150 pips from its lowest level since April 2020 and meets with a fresh supply on Thursday.

Cryptos

New Delhi: After a sharp drop in the last few days, crypto tokens regained some flair. Top crypto tokens were moving in tandem with other riskier assets, rising higher on Thursday. Russia escalated its unprovoked invasion of Ukraine and the prospects of a severe global recession increased exponentially, and Bitcoin, the largest cryptocurrency by market capitalization, was trading above \$19,000.

Commodities

Gold: braces for the fresh yearly low, snapping a two-day uptrend, as the US dollar bulls return to the table after a brief absence the previous day.



Up Ahead – Friday 30-09-2022

- USD Core PCE Price Index m/m

**The information presented above is intended for informative and educational purposes, should not be considered as investment advice, or an offer or solicitation for a transaction in any financial instrument and thus should not be treated as such. Past performance is not a reliable indicator of future results.*