

## **DAILY MARKET ANALYSIS 05-10-2022**

The Euro has maintained the gains seen yesterday on the back of the US Dollar sinking as hopes for an end to hyper hikes are heightened. If the rhetoric from the Federal Reserve is to be believed, that might be a bit premature. Overnight, San Francisco Fed President Mary Daly maintained the hawkish mantra saying that the pain that she is hearing from people is on the inflation side, not on the jobs front. She highlighted that restrictive policy needs to be maintained for some time once it is in place and described inflation as 'corrosive' and 'toxic'.

### **Stocks**

U.S. stock futures declined in the early hours of Wednesday morning following a sharp rally on the first two trading days of the month. Futures on the Dow Jones Industrial Average (DJIA) and the S&P 500 (SPX) were down 0.95% each, while those tied to the tech-heavy Nasdaq 100 (NDX) declined 0.97%, as of 5.56 a.m. EST, Wednesday.

### **Currencies**

- EUR/USD has turned south and declined below 0.9950. Economists at Rabobank expect the pair to move downward to 0.95 this quarter.
- GBP/USD is correcting from three-week highs of 1.1495, snapping a six-day uptrend, as the US dollar jumps back on the bids amid broad risk aversion.
- USD/JPY pair has turned sideways around 144.20 after witnessing a responsive buying action from 143.60 as the US dollar index (DXY) has rebounded. The DXY has picked bids around 110.20 and is aiming to extend recovery above 110.47. S&P500 futures have dropped more than 0.5% as the risk profile has soured a bit after remaining extremely positive.
- AUD/USD pair has sensed buying interest around 0.6480 as the pullback move in the US dollar index (DXY) seems terminating now. Traction is returning towards the risk-on market profile as yields have dropped from day's high. The 10-year US Treasury yields have eased sharply after recording the day's high at 3.64% and have slipped to 3.62% while writing.

### **Cryptos**

Bitcoin (BTC) rose 5% over the last 24 hours, reaching an important psychological level of \$20,000 as global markets climbed, lifting U.S. index futures and European stocks. The move comes as investors were eyeing whether central banks will have to slow their pace of monetary tightening.

## **Commodities**

**Gold:** Price is in the red for the first time so far this week, as the US dollar is seeing a sweeping demand amid a risk-off market profile. The greenback is unwinding the 1.3% overnight sell-off, which marked its biggest drop since March 2020 ahead of the critical US ADP employment report and ISM Services PMI.

## **Up Ahead – Thursday 06-09-2022**

- CAD BOC Gov Macklem Speaks

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