

DAILY MARKET ANALYSIS 12-10-2022

UK GDP contracted in August this year, missing market expectations and sparking fears that the economy is nearing, or has entered, a recession. In addition, industrial and manufacturing data for August missed expectations by a wide margin and paints a bleak picture of the UK economy at the present. This latest economic data will make the UK government's job of slowing down rampant inflation via out-sized rate hikes even more difficult.

Stocks

Stock futures rose Wednesday as investors awaited the latest inflation numbers and the minutes from the Federal Reserve's latest meeting. Futures tied to the Dow Jones Industrial Average added 208 points, or 0.7%. S&P 500 futures and Nasdaq 100 futures were up 0.9% and 1%, respectively.

Currencies

- EUR/USD meets some obstacles following Tuesday's humble advance in spite of the renewed weakness in the greenback and the firmer note in the risk-associated universe.
- GBP/USD has changed its course and jumped beyond 1.1000, in a knee-jerk reaction to a Financial Times (FT) report, citing that the Bank of England (BOE) signalled privately to bankers it may extend bond-buying.
- USD/JPY pair builds on its steady uptrend witnessed over the past week or so and climbs to a fresh 24-year high on Wednesday. The pair maintains its bid tone through the first half of the European session and holds comfortably above the 146.00 round-figure mark.
- AUD/USD pair has defended the downside bias firmly after sensing a decent buying interest at around 0.6240. The asset has extended its gains to near 0.6280 as the risk-on impulse has emerged. Investors are shrugging off the hawkish Federal Reserve (Fed) pessimism and are underpinning the risk-perceived currencies.

Cryptos

Blockchain.com, a cryptocurrency exchange backed by investors including Lightspeed Venture Partners, said on Wednesday it had received approval from Singapore's central bank to offer payment services in the city-state. The announcement came a day after crypto giant, Coinbase, said it had also received the same approval. This brings the number of crypto companies allowed to operate in Singapore to 18, out of the roughly 180 firms who have applied for a crypto payments licence since 2020.

Commodities

Gold: attracts fresh buying near the \$1,660 support area on Wednesday and snaps a five-day losing streak to over a one-week low. The XAU/USD holds on to its modest intraday gains, around the \$1,670 region through the first half of the European session, though the uptick lacks bullish conviction.

Up Ahead – Thursday 13-10-2022

- USD Core CPI m/m

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