

DAILY MARKET ANALYSIS 15-03-2022

The dollar is struggling to find demand early Tuesday as markets assess the latest Russia-Ukraine headlines and the implications of surging coronavirus cases in Asia. On a positive note, Ukrainian President Volodymyr Zelenskyy's adviser said that they were expecting to reach a peace agreement with Russia within a couple of weeks at the earliest or in May at the latest. Later in the day, January Industrial Production data from the euro area, ZEW Survey from Germany and the February Producer Price Index (PPI) from the US will be watched closely by investors.

Stocks

- At the end of the regular trading session on Tuesday, the S&P 500 declined 0.74%, while the tech-heavy Nasdaq 100 index closed 1.92% lower. Meanwhile, the Dow ended marginally higher at 0.01%.
- European stock markets opened lower on Tuesday as a fresh round of EU sanctions, a rebound in Covid-19 cases and more signs of red-hot inflation all weighed on sentiment. The Euro Stoxx 50 was down 53 points or 1.4% while the broader Stoxx 600 Index was down by a similar amount. Germany was the biggest loser among major markets, the DAX losing 1.3%, while Italy's FTSE MIB outperformed with a drop of only 0.8%.
- Chinese equities plunge heavily on soaring Covid-19 cases in China. Japan's Nikkie225 is positive around 0.4% amid a minute expansion in risk appetite.

Currencies

- DXY accelerates the recent breakdown of the 99.00 area and drops to 2-day lows near 98.60 on Tuesday.
- EUR/USD closed the first day of the week little changed near 1.0900 and gained traction early Tuesday. The pair was last seen testing 1.1000.
- GBP/USD trades in positive territory near 1.3050. The data published by the UK's Office for National Statistics revealed that the ILO Unemployment Rate declined to 3.9% in three months to January from 4.1%.
- USD/JPY reached its highest level since January 2017 at 108.44 during the Asian trading hours on Tuesday but reversed its direction. Pressured by retreating US T-bond yields, the pair trades below 118.00 in the early European session.
- The AUD/USD pair seesawed between tepid gains/minor losses through the early European session and was last seen trading with modest intraday gains, around the 0.7200 mark.

Bonds

- The yield on the benchmark 10-year Treasury notes rose to 2.169%, the highest since mid-2019.



- The yield on the German 10-year Bund surged past 0.34%, the highest since December 2018 as risk appetite returned ahead of a new round of ceasefire talks between Russia and Ukraine and key central bank meetings later in the week.
- The yield on Britain's 10-year Gilt rose toward 1.6%, the highest in near four weeks, amid prospects of higher interest rate hikes and hopes of a diplomatic solution to the Russia-Ukraine conflict.

Commodities

- Gold registered large losses on Monday and stays under heavy bearish pressure on Tuesday. XAU/USD was last seen losing nearly 1% on a daily basis at \$1,935.
- Crude oil prices fell for a second day to around \$100 bbl during APAC mid-day session as China – the world's largest oil importer - imposed lockdowns in a few key commercial hubs amid a new wave of Covid-19 infections.

Up Ahead – Wednesday 15-03-2022

- Canada releases its employment data
- U.S. Retail Sales YoY
- Fed Interest Rate Decision