

## **DAILY MARKET ANALYSIS 17-03-2022**

The US central bank hiked rates by 25 bps, as expected, with Bullard being the only dissenter voting for a 50 bps hike. However, the dot-plot now indicates six rate hikes for the year, while Fed officials see the Fed Funds rate at a median of 1.9% at the end of this year and 2.8% at the end of 2024. Meanwhile, there has been no real progress in Ukrainian and Russian peace talks. Moscow said they made “significant progress” towards a 15-point peace plan that would include a ceasefire and Russian withdrawal from Ukraine if Kyiv declares neutrality and accepts limits on its military forces. However, Kyiv rejected the proposed neutrality. Also, the International Court of Justice in The Hague ordered Russia to suspend the invasion of Ukraine.

### **Stocks**

Financial markets remained optimistic, with most global indexes closing in the green. All of the US indexes closed with gains, with the Nasdaq Composite being the best performer by adding over 3%.

### **Currencies**

- The greenback, in terms of the US Dollar Index (DXY), maintains the weekly leg lower and probes the area of multi-day lows around 98.20 on Thursday. The index intensifies the decline and drops for the fourth consecutive session, as market participants continue to digest Wednesday’s FOMC event and hopes of a diplomatic end to the war in Ukraine also sustains the bias towards the risk complex.
- EUR/USD advances uninterruptedly since Monday and manages to retake the psychological 1.1000 mark and above, against the backdrop of the continuation of the selloff in the greenback and persistent hopes of a positive breakthrough in Russia-Ukraine peace talks.
- GBP has dumped in wake of the latest BoE policy announcement and dropped from close to 1.3200 prior to the data release to test 1.3100 and at current levels in the 1.3110 area, is now down 0.3% on the day.
- The USD/JPY pair oscillated in a range through the first half of the European session and was last seen trading around the 118.70 region, nearly unchanged for the day.
- AUD/USD gained traction for the third straight day and was supported by a combination of factors. The risk-on impulse weighed on the safe-haven USD and benefitted the perceived riskier aussie. Upbeat Australian jobs data further underpinned the domestic currency and remained supportive.

## **Bonds**

US government bond yields continued to pressure the upside. The yield on the 10-year Treasury note peaked at 2.246% to later settle at 2.16%. In the meantime, German 10y benchmark yields correct lower from recent tops, in line with the rest of the global yields, and reflecting a recovery in bond prices in the wake of the FOMC event on Wednesday.

## **Commodities**

Gold gained traction for the second successive day and recovered further from the monthly low. Retreating US bond yields weighed on the USD and benefitted the non-yielding yellow metal. Spot gold advanced 0.8% to \$1,942.61 per ounce, having gained about 1% earlier in the session.

WTI approaches \$100.00 amid cautious optimism over Ukraine-Russia crisis. Crude oil prices stay in the recovery mode, despite being sluggish at around \$94.55 during Thursday's initial Asian session. The black gold offered a choppy end to Wednesday, following a volatile day, amid mixed catalysts concerning the risk sentiment and energy market.

## **Up Ahead** – Friday 18-03-2022

- CAD Core Retail Sales
- US Existing Home Sales