

## **DAILY MARKET ANALYSIS 08-04-2022**

The United States Congress voted to revoke Russia's "most favored nation" trade status. Additionally, the United Nations removed Russia from the Human Rights Council. Meanwhile, the European Union foreign ministers are likely to discuss further sanctions against Russia on Monday, including a ban on oil imports. The US economic docket will not be offering any high-impact data releases ahead of the weekend and it wouldn't be surprising to see markets stay relatively quiet. It's also worth noting that the first round of the French presidential election will be held on Sunday.

### **Stocks**

US Indices were steady in Friday's trading session after the major averages staged a late-day comeback in the regular session, as investors continued to contemplate the Federal Reserve's next policy moves. Dow and S&P 500 rose slightly by 0.1%, while Nasdaq edged up 0.2%. Healthcare and consumer defensive stocks led the advance as investors continued to bet on companies with stable earnings and dividends. Energy firms also gained as geopolitical uncertainties buoyed prices.

European markets advanced on Friday to end a volatile trading week as investors assess the pace of the Federal Reserve's monetary tightening plans and news from Ukraine. The pan-European Stoxx 600 index jumped 1.1% in early trade, with autos adding 1.7% to lead gains as all sectors and major bourses entered positive territory. The FTSE 100 was seen opening higher on Friday, almost erasing a 0.5% loss in the previous session while CAC 40 was trading around the 6560 level, moving towards a slight gain.

Markets in Asia-Pacific gave up early gains to mostly pull back on Friday, losing overnight momentum from a comeback on Wall Street as investors continued to monitor the Fed's plans to fight inflation. Hong Kong's Hang Seng index fell 0.24% while the Hang Seng Tech index dropped 1.83%. Mainland Chinese markets were mixed. The Shanghai composite gained 0.47% to close at 3,251.85, while the Shenzhen component was down 0.11% at 11,959.27.

### **Currencies**

- The U.S. dollar edged higher in early European trade Friday, trading at a two-year high and underpinned by the likelihood of sharp rises in interest rates by the Federal Reserve. Dollar Index traded 0.2% higher at 99.920, its best level since May 2020.
- EUR/USD has edged higher following a decline to the 1.0850 area amid the positive shift witnessed in the market mood on Friday. The pair, however, continues to trade below 1.0900. The economic docket will not feature any high-tier data releases and investors are likely to remain focused on risk perception.
- GBP/USD dropped to a fresh multi-week low on Friday amid the prevalent USD bullish sentiment. The GBP/USD pair edged lower during the early European session and dropped to a fresh multi-week low, further below mid-1.3000s.
- AUD/USD turned lower for the third straight day amid sustained USD buying interest. The Australian dollar held below \$0.75 on Friday and it's on track to end the volatile week slightly lower, having been dragged from a multi-month peak as markets priced in a more aggressive pace of Federal Reserve tightening.

- The Japanese yen weakened past 124 per dollar on Friday, heading back to its lowest in nearly 7 years and on track to lose for the fifth straight week, as the Bank of Japan's firm commitment to maintain ultra-easy policies contrasted sharply with other major central banks that started normalizing monetary settings.

### **Bonds**

The benchmark 10-year Treasury yield is up 26 basis points (bps) to 2.6528% this week and was steady in Asia trade on Friday. Germany's 10-year Bund yield, the benchmark for Europe, remained near 0.69%, closing in on its highest level since February 2018. Meanwhile, Australia's 10 Year Government Bond Yield traded around 2.92%, close to an over five-year high of 2.98%, as investors assessed a looming aggressive tightening cycle by the US Federal Reserve.

### **Commodities**

Gold traded around \$1,930 an ounce on Friday and was set to end the week little changed, as the Federal Reserve's aggressive tightening plans countered inflation concerns intensified by the Ukraine war and mounting sanctions on Russia.

WTI crude traded below \$97 per barrel on Friday and was headed for its second straight weekly decline, amid plans for a massive reserve release, demand concerns in top importer China and a firm hawkish stance from the Federal Reserve. The same goes for Brent crude which was last seen traded around \$101 pre barrel.

### **Up Ahead – Monday 11-04-2022**

- EUD German WPI m/m
- GBP GDP m/m
- JPY BOJ Gov Kuroda Speaks