

## **DAILY MARKET ANALYSIS 13-04-2022**

The US Bureau of Labor Statistics announced on Tuesday that annual inflation in the US, as measured by the Consumer Price Index (CPI), jumped to a fresh multi-decade high of 8.5% in March. The Core CPI, however, came in at 6.5%, slightly lower than the market expectation of 6.6%. The greenback lost interest after the US inflation data on Tuesday but managed to regain its traction on hawkish Fed commentary. Meanwhile, hopes for a prompt end to the war in Ukraine received a blow late Tuesday after Russian President Vladimir Putin vowed to continue the invasion, stating that peace talks with Ukraine were “at a dead end”, while suggesting the seven-week offensive is going to plan. U.S. President Joe Biden said for the first time that Moscow's invasion of Ukraine amounts to genocide, and the United States is reportedly set to announce an additional \$750 million in military assistance, in a sign the war is expected to drag on.

### **Stocks**

Shares on Wall Street slipped overnight following the U.S. inflation report release. The Dow Jones Industrial Average shed 87.72 points, or 0.26%, to 34,220.36. The S&P 500 dipped 0.34% to 4,397.45 while the Nasdaq Composite declined 0.3% to 13,371.57.

European markets were mixed on Wednesday as investors digested a key inflation print from the U.S. and looked ahead to Thursday's European Central Bank meeting. The pan-European Stoxx 600 slipped 0.2% below the flatline in early trade. The FTSE 100 traded flat, following a 2-day slide while Germany's DAX was down by more than 0.5%.

Shares in Asia-Pacific were mostly higher on Wednesday trade as investors watched for market reaction to the release of Chinese trade data. New Zealand also hiked its rate by 50 basis points, its biggest increase in more than 20 years. Mainland China's Shanghai composite slipped about 0.5% while the Shenzhen component dipped 0.813%. Hong Kong's Hang Seng index rose 0.1%. Elsewhere, the Nikkei 225 in Japan climbed 1.57% and the S&P/ASX 200 in Australia edged 0.32% higher.

### **Currencies**

- The dollar index extended the positive streak for the tenth session on Wednesday and navigated an area last seen back in May 2020 in the mid-100.00s, always underpinned by the firmer expectations of a tighter normalization by the Federal Reserve in the next months.
- EUR/USD has managed to stage a modest rebound after having dropped toward 1.0800 during the Asian trading hours on Wednesday and manages to hold above 1.0800. The pair, however, seems to be struggling to gather bullish momentum with rising US Treasury bond yields helping the dollar hold its ground.
- GBP/USD stayed near 1.3000 after having touched its weakest level since November 2020 at 1.2973 earlier in the day. The stronger-than-expected UK CPI print seems to be helping the British pound stay resilient against the dollar for the time being.
- AUD/USD met with a fresh supply on Wednesday amid sustained USD buying. The pair maintained its offered tone through the first half of the European session and was last seen trading near the daily low, around the 0.7420 region.

- Bank of Japan (BOJ) Governor Haruhiko Kuroda said on Wednesday that the Japanese economy was picking up as a trend despite showing some signs of weakness. USD/JPY extended its rally after these comments and was last seen trading at its highest level since May 2002 above 126.00.

### **Bonds**

The US yield on the 10-year note, which sets the tone for corporate and household borrowing costs worldwide, bottomed around 2.71%, a dramatic reversal from an over three-year high of 2.83% hit earlier this session. The yield on Britain's 10-year Gilt slipped by 10 basis points to 1.796% after hitting an over 6-year high of 1.90 earlier in the session, following the US 10-Year Treasury note.

### **Commodities**

Gold prices edged higher on Wednesday as concerns of an escalation in the Russia-Ukraine conflict increased safe-haven bids for the precious metal, although a firmer U.S. dollar capped bullion's gains. The bright metal was last seen hovering in the \$1970 per ounce region.

Oil prices eased on Wednesday, giving up earlier gains, after China and Japan reported weak economic data, fuelling concerns about growth and oil demand in the world's top consumers. Brent crude was down 34 cents, or 0.3%, to \$104.30 a barrel, while U.S. West Texas Intermediate (WTI) crude fell by 46 cents, or 0.5%, to \$100.14 a barrel.

### **Up Ahead – Thursday 14-04-2022**

- AUD Unemployment Rate/ Employment Change
- EUR Monetary Policy Statement
- EUR ECB Press Conference
- USD Core Retail Sales m/m