

DAILY MARKET ANALYSIS 18-04-2022

Trading conditions remain thin on Easter Monday, but the greenback preserves its strength against its rivals. European stock exchanges will remain closed on Monday. US bond and stock markets will operate at regular hours, but the economic docket will not be featuring any macroeconomic data releases. Meanwhile, headlines surrounding the Russia-Ukraine conflict reveal that fighting continues in several parts of Ukraine. According to the latest news, multiple explosions were heard in Ukraine's Lviv and Dnipro regions early Monday. Some intelligence reports suggest that Russia is preparing to ramp up the military aggression in Mariupol.

Stocks

US stocks moved lower on Monday ahead of a busy week for earnings reports, with major companies set to shed light on recent corporate performance in the face of elevated inflationary pressure. Dow Jones edged down 0.4%, while S&P 500 and Nasdaq 100 fell 0.7% and 1.1%, respectively.

Asia markets largely slipped in Monday trade, with investors reacting to the release of Chinese economic data, including first-quarter gross domestic product figures. In Japan, the Nikkei 225 fell 1.5% while mainland Chinese stocks were also lower, with the Shanghai composite down 0.78% and the Shenzhen component shedding 0.2%.

European markets are closed today due to Easter holidays.

Currencies

- The dollar index broke above 100.7 for the first time since April 2020, moving in tandem with bond yields, underpinned by the prospect of a more aggressive pace of Federal Reserve tightening to tame soaring inflation.
- EUR/USD is consolidating below 1.0800 amid a notable US dollar demand and firmer Treasury yields. The euro bears the brunt of the dovish ECB and a likely EU embargo on the Russian gas. Hawkish Fed's commentary will likely keep USD bulls afloat amid a protracted Ukraine war.
- GBP/USD witnessed some follow-through selling for the third successive day on Monday. The pair extended its steady intraday descent and dropped to a fresh daily low, around the 1.3000 mark during the first half of the European session.
- The AUD/USD pair is experiencing a bloodbath on Easter Monday after slipping below the previous week's low at 0.7392. The pair has surrendered more than half a percent in the Asian session and is eyeing more weakness amid an underperformance by the Chinese economic data.
- USD/JPY extended its rally to a fresh 20-year high of 126.79 during the Asian trading hours before going into a consolidation phase near 126.60. Earlier in the day, Bank of Japan (BOJ) Governor Haruhiko Kuroda noted that he has not changed his view that a weak yen is positive for the economy as a whole.



Bonds

U.S. government bonds tumbled again, sending the yield on the benchmark 10-year Treasury note to a high of 2.884% in early trading. It closed last Thursday at 2.808%, its highest level since December 2018.

Commodities

Gold prices rose on Monday to their highest since mid-March, as the Russia-Ukraine crisis soured risk sentiment and drove investors to the safety of bullion. Spot gold was up 0.5% at \$1,992.24 per ounce, hitting its highest since March 14.

Oil prices climbed to nearly three-week highs on Monday as fears over tight global supply grew, with the deepening crisis in Ukraine raising the prospect of heavier sanctions by the West on top exporter Russia. Brent was up \$1.09, or 1.0%, at \$112.79 a barrel and U.S. West Texas Intermediate rose \$1.00, or 0.9%, to \$107.95 a barrel.

Up Ahead –Tuesday 18-04-2022

- AUD Monetary Policy Meeting Minutes
- CHF SNB Chairman Jordan Speaks