

## **DAILY MARKET ANALYSIS 19-04-2022**

Major European markets were closed on Monday, making for generally quite subdued trading conditions for most of the day, albeit with flows picking up somewhat during US trade. Markets in Europe and the United States may be in for a rough ride ahead of a packed week of economic data and geopolitical stress. This includes the French presidential runoff, the ongoing Russia-Ukraine war, the IMF growth outlook, Fed commentary, and a cascade of economic data. Elsewhere, on the Russia-Ukraine war front, Russian forces continue to move in from the east, with the latest source of tension coming from the city of Mariupol. The Kremlin notified the remaining Ukrainian soldiers that should they lay down their arms, they will be offered safe passage. Local officials have rejected Moscow's offer and made it clear they will "fight to the end".

### **Stocks**

US stocks edged higher on Tuesday after a lacklustre session on Wall Street overnight, as investors navigate one of the busiest weeks of corporate earnings season. Dow Jones rose 0.4%, while S&P 500 and Nasdaq 100 futures gained 0.5% and 0.8%, respectively.

European stocks were lower on Tuesday, with investors' attention focused on the latest developments in the war between Russia and Ukraine. The pan-European Stoxx 600 slid 0.8% in early trade, with household goods shedding 1.5%, while oil and gas stocks gained 1.3%.

Shares in Asia-Pacific were mixed in Tuesday trade, as investors watched for market reaction to China's central bank announcing financial support for Covid-hit sectors. Hong Kong's Hang Seng index led losses among the region's major markets as it dropped around 1.8%, returning to trade following holidays on Friday and Monday. The Shanghai composite edged 0.12% higher while the Shenzhen component dipped 0.173%. Elsewhere, the Nikkei 225 in Japan climbed 0.59% and in Australia, the S&P/ASX 200 advanced 0.48%.

### **Currencies**

- The dollar index rose past 101 for the first time since March 2020 on Tuesday, as the greenback set its latest 20-year high on the yen and tested a two-year peak on the euro, supported by high U.S. Treasury yields and expectations of good economic data. The dollar index was last at 100.99, up 0.2%, having risen as high as 101.02 in early trade. It has gained 2.6% so far this month.
- EUR/USD has lost its traction after rebounding above 1.0800 earlier in the day. The pair depreciated to below the \$1.08 level for the first time since May 2020 on uncertainty about the timing of interest rate hikes in the Euro Area.
- GBP/USD started to edge lower after rising toward mid-1.3000s in the early European morning. The greenback preserves its strength on rising US T-bond yields and doesn't allow the pair to gain traction on Tuesday. The pair was last seen traded around 1.3020.
- The Australian Dollar was trading higher early Tuesday after touching a one-month low the previous session on low post-holiday volume. The currency is received some support from minutes published Tuesday from the Reserve Bank of Australia's (RBA) April policy meeting, which suggested the central bank was edging closer to raising interest rates.

- The USD/JPY pair maintained its strong bid tone through the first half of the European session and was last seen trading just a few pips below the mid-128.00s, or the highest level in nearly a two-decades.

### **Bonds**

The benchmark U.S. 10-year Treasury yield on Tuesday was just below its three-year high of 2.884% hit on Monday. German bond yields followed their U.S. counterparts higher, with the European Central Bank's non-committal tone last week leaving German bonds exposed to the U.S. bond sell-off. Germany's 10-year government bond yield rose 5.4 basis points (bps) to 0.905%, its highest since July 2015.

### **Commodities**

Gold prices eased to below \$1,980 an ounce on Tuesday after being rejected near the \$2,000 level in the previous session, as a strong dollar and elevated Treasury yields dented demand for bullion. The metal climbed to \$1,998.1 on Monday as geopolitical and inflation concerns boosted its safe-haven appeal, before giving up most gains, highlighting market hesitancy to push gold immediately higher.

Oil prices see-sawed on Tuesday as investors fretted over tight global supplies after Libya halted some exports and as factories in Shanghai prepared to reopen post a COVID-19 shutdown, easing some demand worries. Brent crude was down 26 cents, or 0.23%, to \$112.90 a barrel while U.S. West Texas Intermediate crude fell 45 cents, or 0.42%, to \$107.76 a barrel, after rising to \$108.92 earlier.

### **Up Ahead –Wednesday 20-04-2022**

- CAD CPI m/m
- USD Existing Home Sales