

## **DAILY MARKET ANALYSIS 20-04-2022**

Russia gave Ukrainian fighters holding out in Mariupol a new ultimatum to surrender on Wednesday as it pushed for a decisive victory in its offensive in the east, while Western governments promised to give Ukraine more military help. Thousands of Russian troops backed by artillery and rocket barrages were advancing in what Ukrainian officials have called the Battle of the Donbas. The latest intelligence reports from Ukraine suggest that Russia is preparing to increase its military aggression in eastern Ukraine in the coming days. On a positive note, authorities in Shanghai city announced earlier in the day that the coronavirus situation had shown a downtrend in recent days with two city districts having achieved zero infections at the community level.

### **Stocks**

US stock futures retreated on Wednesday as Treasury yields climbed higher on expectations of a more aggressive Federal Reserve tightening to tame soaring inflation. Dow Jones inched lower by 0.1%, while S&P 500 and Nasdaq 100 fell 0.4% and 1%, respectively.

European stocks saw some positive gains after opening around the flatline on Wednesday as investors monitor developments in Ukraine and assess the IMF's latest global economic forecasts. The pan-European Stoxx 600 index was flat at the open but soon turned positive to trade 0.3% higher with the majority of sectors in positive territory.

Markets in the Asian domain rebound sharply on Wednesday after remaining vulnerable in the last few trading sessions. Asian indices are experiencing a decent bounce back led by a strong revival in the US indices. Nikkie225 jumped 0.90%, Hang Seng added 0.70%, and Nifty50 gained 0.95%. The Shanghai composite in mainland China fell 0.21% while the Shenzhen component shed 0.648%.

### **Currencies**

- The US Dollar Index, which tracks the greenback against a basket of six other currencies, traded 0.2% lower at 100.795, just below Tuesday's high at 101.03, a level not seen since March 2020, as the bond sell-off continues and investors increasingly bet the Fed will need to raise rates faster to rein in soaring inflation.
- EUR/USD started to inch higher early Wednesday after having closed virtually unchanged on Tuesday. The pair has capitalized on the broad selling pressure surrounding the dollar and stretched higher toward 1.0850 in the early European session.
- GBP/USD regained its traction after dipping below 1.3000 earlier in the day. The pair consolidates its gains around mid-1.3000s as the greenback stays under bearish pressure ahead of Fed'speak.
- AUD/USD gained strong positive traction on Wednesday and moved away from the one-month low. The pair maintained its strong bid tone through the first half of the European session and was last seen trading the four-day high, around the 0.7430-0.7435 region.
- USD/JPY turned south after rising toward 129.00 earlier in the day and was last seen trading deep in negative territory near 128.00. The Bank of Japan stepped into the market again to defend its ultra-low interest-rate policy on Wednesday and offered to buy an unlimited amount of 10-year government bonds after the benchmark 10-year yield reached 0.25% the day before, the central bank's implicit upper limit.

## **Bonds**

The benchmark 10-year US yield surged to multi-year highs past 2.9% on Wednesday as investors prepared for the Federal Reserve to aggressively raise interest rates as it tries to stem soaring inflation. The yield on Britain's 10-year Gilt broke above 1.9%, the highest since December 2015 after the latest inflation prints topped analyst estimates, boosting expectations that the Bank of England will raise interest rates faster.

## **Commodities**

Gold prices fell on Wednesday to their lowest in nearly two weeks, as an elevated U.S. dollar and Treasury yields continued to weigh on demand for bullion. The yellow metal weakened further below \$1,950 an ounce on Wednesday after tumbling more than 1% in the previous session.

Oil prices rebounded on Wednesday from sharp losses in the previous session as concerns about tighter supplies from Russia and Libya dominated, while industry data showed a drop in U.S. crude inventories last week. Brent crude rose 66 cents, or 0.6%, to \$107.91 a barrel while WTI crude moved up 46 cents, or 0.5%, to \$103.02 a barrel.

## **Up Ahead –Thursday 21-04-2022**

- USD Unemployment Claims
- GBP BOE Gov Bailey Speaks
- EUR ECB President Lagarde Speaks
- USD Fed Chair Powell Speaks