

DAILY MARKET ANALYSIS 29-04-2022

Ukrainian President Volodymyr Zelenskyy's office says it has a planned operation to evacuate civilians from the blockaded Azovstal steel plant in Mariupol, the last holdout against Russian forces in the bombarded city. Meanwhile, Russian strikes shook residential buildings in Kyiv overnight, as the UN chief and Bulgarian prime minister visited the city. U.S. President Joe Biden has asked Congress to approve \$33 billion in additional money for the Ukraine war, which includes funding for U.S. military support to the embattled nation and a mix of direct cash and supplies for Ukraine while Russia's President Vladimir Putin has warned the West of a "lightning fast" response to any country that intervenes in its war against Ukraine and creates what he called "strategic threats for Russia."

Stocks

US stock futures fell on Friday to give back some gains in the previous session, as disappointing quarterly reports from Amazon and Apple sapped investors' mood. Nasdaq 100 dropped 1.6%, while Dow and S&P 500 lost 0.4% and 0.9%, respectively.

European markets moved higher on Friday as global stocks received a boost from strong corporate earnings but remain on course for a negative month. The pan-European Stoxx 600 index added 0.9% in early trade, with tech stocks climbing 2% to lead gains as almost all sectors and major bourses entered positive territory. Utilities slid 0.4%.

Shares in Asia-Pacific rose in Friday trade, with technology stocks in the region jumping following big gains for their counterparts on Wall Street. Hong Kong's Hang Seng index was 3.13% higher while Mainland Chinese stocks also saw sizable gains, with the Shanghai Composite up nearly 2% while the Shenzhen Component gained 3.096%.

Currencies

- The dollar index traded on the defensive after six consecutive daily advances and returned to the vicinity of 103.00 after hitting fresh cycle tops just pips away from the 104.00 hurdle on Thursday. The greenback, in terms of the US Dollar Index (DXY), faces a corrective downside and comes all the way down to revisit the 103.00 neighbourhood at the end of the week.
- EUR/USD gained positive traction on Friday and snapped a six-day losing streak to the multi-year low. The pair built on its steady intraday recovery move through the early European session and climbed to a fresh daily high, closer to mid-1.0500s
- After touching its lowest level since July 2020 near 1.2400 on Thursday, GBP/USD gained traction and was last seen rising nearly 0.8% on the day above 1.2550. Sterling has come under pressure amid Fed-BOE policy divergence. Investors have piled into the greenback this week ahead of the key events coming up.
- The AUD/USD pair built on its steady intraday recovery move through the first half of the European session and climbed to a fresh daily high, around the 0.7160 area. The pair gained strong positive traction on the last day of the week and moved further away from its lowest level since early February, around mid-0.7000s touched the previous day.

- The USD/JPY pair came under some selling pressure on the last day of the week and eroded a part of the overnight strong gains to a fresh two-decade high. The pair remained on the defensive through the first half of the European session, albeit managed to rebound a few pips from the daily low and was last seen trading just below mid-130.00s.

Bonds

The yield on the 10-year US Treasury note, which sets the tone for corporate and household borrowing costs worldwide, consolidated around 2.85%, not far from an over three-year high of 2.98 touched last week, with investors pricing chances of an increasingly hawkish Federal Reserve stance.

Commodities

Gold climbed above \$1,900 an ounce on Friday amid concerns over US economic growth but was on track to end the month lower as bets for aggressive interest rate hikes by the Federal Reserve dampened bullion's appeal. The yellow metal was last seen traded around \$1910 per ounce.

Oil prices were mixed on Friday as China's COVID-19 lockdowns weighed on the outlook for crude demand, although supply disruption fears as Western sanctions curb crude and products exports from Russia underpinned prices. U.S. West Texas Intermediate crude dipped 3 cents to \$105.33 a barrel after settling 3.3% higher on Thursday. Brent crude rose 15 cents to \$107.74 a barrel after gaining 2.1% in the previous session.

Up Ahead –Monday 02-05-2022

- USD ISM Manufacturing PMI