

Monthly Market Roundup

August 2023



August was another difficult month with global markets navigating between optimism and caution but rich with opportunities and challenges. The Federal Reserve's Jackson Hole symposium emerged as a driving point pushing the Dollar to ascent against the Euro, JPY, AUD and NZD. Euro and Sterling recovered from two-month lows while the Dollar Index moved higher near a two-month peak amid elevated Treasury yields.

Gold experienced a widely sell-off mainly because of the strong Dollar and declined at around \$1884 per ounce mid-August before recovering near the \$1950 mark at the end of the month.

WTI prices hovered around the \$80 per barrel mark in August while Brent traded above \$85 per barrel. Weak figures from major economies, including Japan's shrinking factory activity, declining business activity in the Eurozone, and Britain's potential economic contraction weighted on the Oil prices.

Bitcoin started the month just under the \$30k mark but fell sharply on the 17th of August due to a liquidation of nearly 1 billion USD. Since then, the world's most famous crypto recovered some ground but is still trading just under 26k.

On the monetary front the 2 major central banks, FED and ECB didn't have any scheduled meetings during August regarding any rate hike decisions. The main event was the Fed's Jackson Hole symposium which both the Fed's chairman and ECB's president delivered speeches. Fed's Jerome Powell stated that "Although inflation has moved down from its peak, a welcome development, it remains too high. We are prepared to raise rates further, if appropriate, and intend to hold policy at a restrictive level until we are confident that inflation is moving sustainably down toward our objective", leaving an open window for further rate hikes. ECB's President Christine Lagarde emphasised on the fact that interest rates in the European Union will need to stay high "as long as necessary" to slow still-high inflation. "While progress is being made," she said, "the fight against inflation is not yet won."

August went by in slow pace amid summer holidays, but traders should brace themselves for a very hot September full of policy decisions and inflation data releases. On the monetary front we will have policy meetings from most central banks around the world. After the latest NFP report expectation are cemented that the Federal Reserve will keep interest rates on hold this month. ECB will be announcing the main refinancing rate mid-September with predictions being mixed. Apart from Fed and ECB we will also have policy meetings from RBA, BOE and BOC. Investors should also pay attention to CPI releases from major economies as well as GDP readings.