

WEEKLY MARKET RECAP: December 20 – December 24,2021

Happy Friday, traders. Welcome to our weekly market wrap, where we look back at these last five trading days with a focus on the market news, economic data and headlines that had the most impact on the financial market – and may continue to into the future for the US Dollar and other key correlated assets.

With central bank meetings out of the way, risk perception dominated the financial markets at the start of the week. The high numbers of Omicron cases globally and heightened concerns over tightened restrictions triggered a flight to safety on Monday. No major economic news was announced on Monday so traders kept a close eye on headlines surrounding the coronavirus. Canadian Dollar was the worst performer through out the day managing to print fresh annual highs due to the selling pressure and choppiness in crude oil markets. EUR and JPY strengthen during the day while TRY saw an immense 25% pull back from session highs.

Reserve Bank of Australia noted in its meeting minutes, early on Tuesday that they are committed to maintain highly supportive monetary conditions. AUD remained in the range of 0.7100. Later on, the Canadian Statistics released the Retail Sales rate which came above the expected 1.0% at 1.6 %. Loonie did not to the latest retail sales report, with USD/CAD continuing to move sideways in the 1.2920 area.

On Wednesday, according to the US Bureau of Economic Analysis final GDP estimate, the US economy grew at an annualise pace of 2.3% in Q3 above the prior estimation of 2.1%. The DXY did not see any notable reaction to the final GDP, trading around the 96.30 mark. WTI continued to move above \$71.00 recovering from Monday's lows.

Thursday kicked off with BOJ Gov Kuroda defending the Japanese Central Bank's currency monetary policy while raising inflation concerns. USD/JPY remained inactive around 114.00. Canada's GDP expanded at a monthly rate of 0.8% in October. This reading came in line with the market expectation and showed no significant impact on USD/CAD. The US Bureau of Economic Analysis released the Core PCE Price Index data for November which came above expectations at 0.5%. Dollar did not seem to react to the strong raft of US macro data. Gold held in positive territory above \$1.800 while WTI hit monthly highs at \$73.78.

Markets turned quiet as traders enjoy Christmas break on Friday. EUR/USD remained on the 1.3330 area and GBP/USD seems to have settled above 1.3400 gaining more than 100 pips since the beginning of the week. The Yellow metal did not have a difficult time staying above \$1.800 and heads to the following week with positive momentum.

Thanks for reading! Happy Christmas to all.

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