

WEEKLY MARKET RECAP: January 17 – January 21, 2022

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.

The week started in slow motion, with little action across the FX board. Chinese data released at the beginning of the day provided a modest boost to high-yielding assets, which changed course during European trading hours. US markets were closed due to the celebration of Martin Luther King Day, with no action in stocks and bonds.

The greenback managed to post modest gains on Tuesday against its major rivals and preserved its bullish momentum early on the day with the US Dollar Index rising above 95.30. The UK Office of National Statistics released the unemployment report for December which came lower than expected at 4.1%. The report had little effect on GBP/USD which traded flat around 1.3646. The German ZEW Economic Sentiment rose to 51.7 in January from previous 29.9 keeping EUR/USD under pressure, trading around 1.1330 throughout the day.

On Wednesday, the day kicked off with UK CPI release data which showed an increase of 5.4 % which was slightly higher than expected. In an initial reaction to the upbeat UK CPI numbers, the GBP/USD pair ticked a few pips higher to clinch fresh daily highs of 1.3617 before reversing quickly back to the levels of around 1.3605. US Census Bureau announced later on the day the Building and Housing Permits data which came out higher than expected but had little reaction on the US Dollar Index. USD/CAD pair initially dropped under 1.2450, after the CAD Core CPI report, before retracing to the 1.2460s again with the hotter than expected inflation data likely to boost speculation that the BoC would hike the rates next week.

Eurozone's inflation arrived at 5.0% in December, on a yearly basis, according to Eurostat's final CPI report reading on Thursday. The release had little effect on EUR/USD which kept on trading around 1.1330. The US Department of Labor revealed later an increase in the initial unemployment claims. The number came way above the expectations at 286K. DXY saw some modest negative ticks in response to the data and dropped back to test the 95.50 area. Gold price kept rising and reached a fresh two-months highs at 1.848 before pulling to the 1.843 area. WTI broke above \$87 per barrel intraday but the official EIA inventory report which wasn't as bearish as feared, helped to recover back.

Safe-haven flows continued to dominate the financial markets on the last trading day with global equity indexes suffering heavy losses. Initially we had the data release of UKs Retail Sales. Retail Sales in the UK plunged by 3.7% in December vs. -0.6% that was expected. GBP/USD reaction to these figures was largely muted posting small daily losses at 1.3560. Finally, Canada Statistics released the Core Retail sales report with the numbers coming out as expected at 1.1%.

Thanks for reading! Have a great weekend.

Important Note: The information found on Ausprime platform is intended only to be informative, is not advice nor a recommendation, nor research, or a record of our trading prices, or an offer of, or solicitation for a transaction in any financial instrument and thus should not be treated as such. The information provided does not include any specific investment objectives, financial situation and needs of any specific person who may receive it. The past performance is not a reliable indicator of future performance and/or results. Past Performance or Forward-looking scenarios are not a guarantee of future performance. Actual results may differ materially from those anticipated in forward-looking or past performance statement

