

## WEEKLY ECONOMIC CALENDAR AHEAD

Here is what you need to know about the important news between **January 31<sup>st</sup> 2022 and February 4<sup>th</sup> 2022**, where we take a look at the economic data, market news and headlines likely to have the biggest impact on the market prices this week and beyond, as well as the US Dollar, and other key correlated assets.

The Fed left the policy rate unchanged at this week's FOMC meeting but signalled that a rate hike was imminent come March. Uncertainty on the pace of hikes post March remains elevated, contributing to the market volatility last week. The U.S. economy grew at 6.9% (annualized) in the final quarter of 2021 – a notable acceleration from the 2.3% pace in the quarter prior. Powering growth was a build-up of inventories.

### The U.S. dollar index

The market now expecting the Fed to aggressively raise interest rates over the course of the year as they scramble to control inflation. The US dollar is once again king as most economists are now expecting the Fed to deliver anywhere between 3-7 rate hikes this year. The dollar posted a new high in its uptrend since the early-January 2021 bottom, hitting its highest point since June 2020.

### The 10-year US Treasury bond

Rates on the 10-year Bond are trading within a pennant after completing a sizeable symmetrical triangle since March, both of which are bullish in the underlying uptrend.

### Stocks

Following the previous week's big drop in US stock markets, we saw some very volatile price action as dip buyers initially took advantage of downbeat stock prices, before being overpowered by the bears once again. The market also pays close attention to a busy earnings season week as several European banks, technology, car manufacturers and industrials will report results.

### Oil prices

Crude prices have been on fire, rising for a sixth straight week as the demand outlook improves and geopolitical fears could lead to severe disruptions. The supply side continues to support a tight market as OPEC+ is expected to stick to their plan of increasing output by 400,000 bpd in March, even though their compliance last month only hit 60% of plan.

### Gold

Gold suffered heavy losses in the second half of last week. Fed's hawkish policy outlook has provided a boost to the dollar. XAU/USD turns bearish as focus shifts to the US January jobs report.

### Central Bank

The Bank of Canada held their policy rate steady this week, surprising markets. Still, the overall messaging was hawkish, as was Governor Macklem's press conference, paring the dovish market reaction. The upcoming week is filled with a few big rate decisions from the RBA, BOE, and ECB.



The **RBA** may end its bond purchase program and could bring forward rate hike expectations, given the stronger-than-expected acceleration in inflation. Governor Philip Lowe has stated repeatedly that he will not raise rates before wages rise to 3%, so a rate hike is not happening until much later in the year.

The **BOE** Bank of England is widely expected to raise rates and possibly signal a couple more are coming, with markets pricing in a more than a 90% chance of a second consecutive rate hike, taking the base rate to 0.5%. With up to three more priced in this year, there is scope for the central bank to follow the Fed in leading investors further down the hawkish path.

The **ECB** European Central Bank is unlikely to signal anything new, the ECB will try to stick to the script that it is unlikely they will hike in 2022, which surprisingly has not been tested despite eurozone inflation increasing at a record pace. Financial markets don't expect the ECB to move until September 2023, but that could shift as all the major central banks enter tightening mode.

Over in America, markets have almost fully priced in the **Fed** to deliver anywhere between 3-7 rate hikes this year, so on Friday, the latest edition of nonfarm payrolls could determine whether the dollar still has some miles left in the tank. A lot of economic data to come from Europe the coming week, with every day offering a selection of important readings that could influence the currency markets.

Other important economic data is as follows: (All times listed are GMT+0)

### **Monday, January 31, 2022**

**Markets closed for Spring Festival in China, New Year's Day in South Korea, and Chinese New Year in Hong Kong**

14:45: US –Chicago PMI

17:40: US – FOMC Member George Speaks

### **Tuesday, February 01, 2022**

**Markets remain closed in China, South Korea, and Hong Kong for holidays**

00:30: Australia – Cash Rate

00:30: Australia – RBA Rate Statement

09:30: Germany – Manufacturing PMI

13:30: Canada – GDP

15:00: US – ISM Manufacturing PMI

15:00: US – JOLTs Job Openings



### **Wednesday, February 02, 2022**

#### **Markets remain closed in China, South Korea, and Hong Kong for holidays**

All Day - OPEC-JMMC Meetings

01:30: Australia – RBA Gov Lowe Speaks

10:00: Eurozone – CPI

13:15: US – ADP Nonfarm Employment Change

15:30: US – Crude Oil Inventories

15:30: Canada– BOC Gov Macklem’s Speaks

### **Thursday, February 03, 2022**

#### **China and Hong Kong Markets remain closed for Spring Festival in China**

09:30: UK – Services PMI

12:00: UK – BoE Interest Rate Decision: rate predicted to rise to 0.50% from 0.25%.

12:45: Eurozone – ECB Interest Rate Decision: anticipated to remain steady at 0.00%.

13:30: US – Initial Jobless Claims

13:30: Eurozone – ECB Press Conference

15:00: US – ISM Non-Manufacturing PMI

### **Friday, February 04, 2022**

#### **China's markets remain closed for Spring Festival**

President Putin meets President Xi at Beijing Winter Olympics opening ceremony

09:30: UK – Construction PMI

13:30: US – Nonfarm Payrolls: predicted to drop by almost a quarter to 155K from 199K.

13:30: US – Unemployment Rate: anticipated to remain at 3.9%.

13:30: Canada – Employment Change

15:30: Canada –Ivey PMI

#### **Thanks for reading! Have a great week!**

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