WEEKLY ECONOMIC CALENDAR AHEAD

Here is what you need to know about the important news between **January 03rd 2022 and January 7th, 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.

Due to the Christmas and New Year holidays, last week's Forex market saw relatively little price movement, with no high-impact data released at all.

Last week, the U.S. dollar index dipped on Friday to a new low of 95.56 on 31st December 2021 in quiet holiday trading but was set to end 2021 with a gain of nearly 7% as investors bet the U.S. Federal Reserve will raise rates earlier than most other major economies amid surging inflation driven by COVID-19 stimulus initiatives.

The **euro** was down around 6% on the year versus sterling, as easing concerns in Britain about the economic impact of the pandemic boosted the British currency, with analysts expecting more rate rises from the Bank of England in 2022.

The worst performer versus the greenback among the majors was the Japanese yen, which is down around 10% in 2021. As the market expectations of how hawkish the Federal Reserve will be.

The U.S. dollar index fluctuated down last week, the third quarter GDP growth rate of the United States slowed down sharply, the supply chain was interrupted, and the economic outlook was overcast. However, the epidemic factors had limited risk aversion to the U.S. dollar. These factors put pressure on the U.S. dollar index.

Oil prices dropped hard on Friday but remained above $75, a critical psychological level. Oil has risen 55% in 2021, the largest increase over 10 years. At the same time, expectations for stronger demand along with ongoing supply constraints may keep crude prices afloat as the Organization of Petroleum Exporting Countries (OPEC) plans to "adjust upward the monthly overall production by 0.4 mb/d for the month of January 2022." Forecasts for strong demand along with OPEC's gradual approach in restoring production may help crude to avoid a bear market.

Gold rose up to 1830, the highest level since November 22, as the USD fell, US stocks turned down, gold price. Gold finally completed a rounding bottom, even based on the most conservative interpretation. However, the challenges remain the same, the combined forces of elevated realized inflation in the short-term, met by central banks raising interest rates, and longer-term inflation expectations easing back, may prove to be too overwhelming to allow gold prices to sustain a significant rally. News of rate hikes is almost always bad for gold. But if the inflation theme remains strong through 2022, then gold could still reach meaningful highs. came on the back of inflation concerns. That's what bulls in the precious metals space are counting on.

The coming week is likely to see a higher level of volatility due to the extremely slow schedule and continuation of the Christmas & New Year holiday season last week, with market direction likely to be determined between Wednesday and Friday with US Non-Farm Payrolls data and FOMC Meeting Minutes data releases.

Central Bank

The Fed is due to release on Wednesday minutes of its December meeting where it laid out an expedited timetable for ending its pandemic-era stimulus. The central bank has said it could have as many as three rate hikes in 2022 but that will depend on keeping inflation at 2% a year and unemployment ideally at around the 4% level that it defines as "maximum employment."

Inflation in the euro zone remains high, and energy shortages may have a long-lasting spillover effect, supporting the **European Central Bank's** tightening outlook. the European Central Bank suggests that early in 2022 it will reduce bond buying via its Pandemic Emergency Purchase Program and perhaps balance that by increasing buying via its older Asset Purchase Program: essentially making no change in monetary policy overall.

Later in the year though, perhaps in the second quarter 2022, the ECB will begin cutting its monthly asset purchases until by year-end the programs end completely. This indirect tightening of monetary policy could then be followed by an interest rate increase early in 2023. This is, of course, no certainty, However, it's a scenario that would leave the ECB way behind many other central banks in raising rates and would therefore likely lead to more losses for the Euro.

The Bank of England **(BoE)** started the cycle of tightening monetary policy by hiking the UK Base Rate by 15 basis points to 0.25% , the first-rate hike in over three years, at the last Monetary Policy Committee (MPC) meeting of 2021. Many in the market had pushed back this rate hike until the next meeting in February 2022 on fears that the UK government may introduce harsh lockdown measures at a time when the UK economy is finally pulling out of the pandemic crisis of the last two years. And additional rate hikes are already penciled in by economists for 2022 as UK inflation hits extreme levels last seen over 10-years ago.

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

Monday, January 03, 2022

08:55: Germany – Manufacturing PMI

Markets closed for New Year in New Zealand, Japan, China, Canada, the UK and the US

Tuesday, January 04, 2022

08:55: Germany – Unemployment Change

09:30: UK – Manufacturing PMI

15:00: US – ISM Manufacturing PMI

15:00: US – JOLTs Job Openings

All Day - OPEC-JMMC Meetings

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Wednesday, January 05, 2022

13:15: US – ADP Nonfarm Employment Change

15:30: US – Crude Oil Inventories

19:00: US – FOMC Meeting Minutes

Thursday, January 06, 2022

09:30: UK – Services PMI

13:30: US – Initial Jobless Claims

15:00: US – ISM Non-Manufacturing PMI

Friday, January 07, 2022

09:30: UK – Construction PMI

10:00: Eurozone – CPI

13:30: US – Nonfarm Payrolls

13:30: US – Unemployment Rate

13:30: Canada – Employment Change

Thanks for reading! Have a great week!