

WEEKLY MARKET RECAP: February 07 – February 11, 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.

This week we had a relatively quiet global economic calendar but with a few ‘high’ rated events that still stirred up volatility in the market mainly in the second half of the week. On Monday, the day started with Germany, announcing their Industrial Production rate. The data showed a drop of 0.3% MoM for December, suggesting that the manufacturing sector is not out of the woods yet. The shared currency showed little reaction to the report, trading around the 1.1428 area. ECB President Lagarde testified before the EU Parliament later on Monday, stating that inflation at the end of 2022 will remain above the ECB’s 2,0% target but it will be lower than current levels. Gold ended the day by pushing back to the \$1.820 mark while Bitcoin kept eyeing higher ending the day at \$43.870.

Market continued to move in a slow pace on Tuesday given the absence of high impact economic releases. Gold maintained its bullish stance throughout the day, ending the American session at \$1.825 per ounce. Equities traded mixed, unable to find a clear direction while WTI finished the day just below \$90 per barrel. US Goods and Services deficit rose to \$80.7B in December, according to the Bureau of Economic Analysis. The FX market showed no reaction to the smaller than expected rise. Major pairs continued lacking directional strength and were held within limited intraday ranges.

On Wednesday the US Energy Information Administration released their weekly Crude Oil inventory report, which showed a drop of 4.8M barrels. This number was not expected by the market consensus which was pointed towards an increase. As a result, WTI hit fresh daily highs above \$89.00 per barrel. BOC’s Governor Tiff Macklem spoke in the Canadian Chamber of Commerce and highlighted the role of supply-chain issues on higher inflation and that he is confident that problems rising from the current trucker’s conflict will soon be resolved. On another note, the demand seen at the 10-year US Treasury note auction was relatively weak. The benchmark 10-year US Treasury bond yield stayed in a consolidation phase above 1.9%. US Stocks futures were down between 0.2% and 0.3% suggesting investors turned cautious ahead of the Thursday’s inflation data.

US Bureau of Labor Statistics announced on Thursday that the annual CPI inflation rate jumped to 7.5% in January. This was against the expectations of 7.3%. With the initial reaction, the greenback started to gather strength against its major rivals and the US Dollar Index rose 0.25% at 95.78. US 30-year Bond yield surged higher after the inflation data and as a result the Dollar outperformed its rivals. Gold advanced to its strongest level in two weeks above \$1.840 while USD/JPY climbed above 116 for the first time since early January.

UK’s Office of National Statistics released early on Friday the Quarterly GDP. The data showed that the British economy expanded by 1.0% QoQ in the fourth quarter of 2021, slightly lower than the expectation of 1.1%. The cable kept its range around 1.35225 on the mixed UK growth numbers. Central Bank of Russia raised its policy rate by 100 basis points to 9.5% from 8.5%. This decision came in line with the market expectation and had no immediate reaction to the USD/RUB pair which was last seen posting small losses on the day at 75.5280.



Thanks for reading! Have a great weekend.

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