

## WEEKLY MARKET RECAP: May 30 –June 03, 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 with the Memorial Day in the US, significantly decreased the volumes in the markets since US markets were closed. Chinese and European stocks were trading higher after Shanghai announced the lifting of more Covid-19 lockdown measures. From 1<sup>st</sup> of June, public transport, and movement with private cars, will be allowed from the same date.

Oil prices were moving higher, as the European leaders agreed a principle to cut 90% of oil imports from Russia by the end of 2022, with Hungary over the bloc's toughest sanction yet on Moscow since the invasion of Ukraine , three months ago.

Tuesday found oil prices dropping back to 115 from 120 earlier in the week. " Exempting Russia from its oil-production targets could potentially pave the way for Saudi Arabia, the United Arab Emirates and other producers in the Organization of the Petroleum Exporting Countries to pump significantly more crude, something that the U.S. and European nations have pressed them to do as the invasion of Ukraine sent oil prices soaring above \$100 a barrel," the Journal reported citing OPEC sources.

Gold prices also dropped on Tuesday and Wednesday morning, over strengthening US dollar and rising Treasury yields. US President Joe Biden met with the US FED Chair Jerome Powel addressing historical inflation levels, and showed his trust to Federal Reserve to handle this major situation. FED, in order to fight inflation, will start shrinking the 8.9 trillion balance sheet and release its Beige book later on.

Wednesday was the day that the Bank of Canada has raised its policy rate by 50bp to 1.5%, as widely expected. The accompanying statement shows the central bank is laser focused on inflation, commenting that almost 70% of the CPI basket is running in excess of 3% and rising, meaning that "the risk of elevated inflation becoming entrenched has risen." At the same time, Canada's economy is "strong" and is "clearly operating in excess demand". Consequently "interest rates will need to rise further" with the BoC "prepared to act more forcefully if needed".

Thursday and early Friday, all eyes of the investors are on the NFP announcement that is due to be release at 12:30 GMT today. After OPEC meeting that mentioned that they will find solutions for the oil after Russian Sanctions, price dropped for the day, but Crude oil prices reversed the earlier losses by rallying 2.4% on Thursday. Global stocks rose, after the ADP employment data that was release on Wednesday, and now all awaits for the NFP release later on the day, which is expected to drop to 325k from 428k last month

**Thanks for reading! Have a great weekend.**



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