

WEEKLY MARKET RECAP: October 10 –October 14, 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.

Week started quietly since the US were out of the game with Columbus Day holiday. Low liquidity in the US, means low everywhere. We saw the US stocks to lose some value once again, with the Nasdaq to register its lowest price since July 2020. Gold prices also dropped, broke the \$1670 level, after Federal Reserve Vice Chair Lael Brainard emphasized on Monday the need for restrictive monetary policy, and said that the economic damage of recent rate hikes was yet to be felt.

On Tuesday Bank of England extended its intervention in the U.K. government bond market, citing a “material risk to U.K. financial stability”, in the clearest warning yet that the sharp rise in market interest rates is increasing stress in the financial system, with the pound dropping as low as \$1.10 before stabilizing.

On Wednesday, we had the release of the FOMC meeting minutes, which showed that monetary tightening in other countries may have an impact on the US economy through spill overs. Officials also remain committed to raise further the interest rates.

On Thursday the consumer price index data was released, showing rise of 0.4% from August, and up 8.2% on the year, according to the Bureau of Labor Statistics. While the headline rate was down fractionally from 8.3% in August, it's still far above the Fed's 2% target. This created again some uncertainty in the markets, with the dollar index dropping around 0.7% at the time of the release. EURUSD rose to 0.98 after the announcement, and the week is expected to close with investors' attention to be shifted to Retail Sales and Consumer Sentiment which are expected to be release today Friday 14/10/2022.

Thanks for reading! Have a great weekend.

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