

## WEEKLY MARKET RECAP: October 24 – October 28, 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.

New week started with oil prices settling lower for Monday, as data showing demand from China remained lacklustre in September and a strong U.S. dollar weighted, while weakening U.S. business activity data eased expectations for more aggressive interest rate hikes and limited price decline.

On Tuesday afternoon, we saw the US Dollar to lose some ground, as growing expectations of dovish signals from the Federal Reserve weakened the greenback. Bitcoin rose 4.6% to \$20,201, trading above the \$20,000 level for the first time in three weeks, while Ethereum jumped 10.7% to a 1½ month high of \$1,485. EURUSD pushed also higher, getting closer to parity again, ahead of the Interest Rates release which was expected on Thursday.

Wednesday afternoon, Canada has its announcement of the interest rates increase. The Bank of Canada surprised markets and hiked rates by 50bps to bring the target rate to 3.75%, its highest since 2008. Markets were expecting an increase of 75bps. However, the central bank noted that although it is seeing encouraging signs that underlying inflation is coming down, it still expects that rates will need to rise further given higher inflation. The BoC projects CPI to move down to 3% by the end of 2023 and then return to the 2% target by the end of 2024.

On Thursday the European Central Bank raised interest rates again and put the reduction of its bloated balance sheet on the agenda but said "substantial" progress had already been made in its bid to fight off a historic surge in inflation.

Worried that rapid price growth is becoming entrenched, the ECB is raising borrowing costs at the fastest pace on record. Further steps are almost certain as unwinding a decade's worth of stimulus will take it well into next year and beyond.

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

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