

WEEKLY MARKET RECAP: October 31 – November 04, 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.

First week of the month, is always very Important since other than the major news and conditions of each month, the first week, is NFP week.

Early morning on Tuesday, Reserve Bank of Australia had its meeting, and the Board decided to increase the cash rate target by 25 basis points to 2.85 per cent. It also increased the interest rate on Exchange Settlement balances by 25 basis points to 2.75 per cent as a measure to also fight inflation like the rest of the world.

Later on the day, (JOLTS) data came out, showing positive data for the greenback, pushing the currency higher against all pairs. The dollar index at that time, “jumped” from 110.75 to 111.40, while the EURUSD dropped from 0.9936 to 0.9858.

Wednesday, we saw the interest rates increase by the Federal Reserve, increasing by 0.75% to reach the 4% in their attempt to fight inflation. Fed’s Chairman Powell, said that there is no indication that inflation is decreasing, however, they are committed to get this done. Dollar index dropped at that time to 110.22, and after the comments on Fed’s commitment, the dollar indicator “exploded” breaking the 112 level.

Closing the week, Bank of England had their meeting in order to increase the interest rates. Members voted 9-0-0 and the rates as expected were increased from 2.25% to 3%, its highest for the last 14 years. On Friday now investors are waiting for the release of the Non-Farm Payrolls. The central bank remains data dependent, so this month’s jobs report will play into the central bank’s interest rate decision at the upcoming December meeting. With two NFP reports, and another CPI reading scheduled before the Fed’s next interest rate decision in mid-December, it’s not surprising that traders are uncertain about what the central bank will do.

Thanks for reading! Have a great weekend.

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