

## WEEKLY MARKET RECAP: December 05 – December 09, 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.

Beginning of the week was a bit quiet, while on Tuesday Reserve Bank of Australia had its meeting and decided to increase the cash rate target by 25 basis points to 3.10%. It also increased the interest rate on Exchange Settlement balances by 25 basis points to 3.00%. Inflation in Australia is too high, at 6.9% over the year to October. Global factors explain much of this high inflation, but strong domestic demand relative to the ability of the economy to meet that demand is also playing a role. Returning inflation to target requires a more sustainable balance between demand and supply. A further increase in inflation should be expected over the months ahead.

On Wednesday, the Bank of Canada increased its target for the overnight rate to 4.25%, with the Bank Rate at 4.5% and the deposit rate at 4.25%. The Bank is also continuing its policy of quantitative tightening. Inflation around the world remains high and broadly based. Global economic growth is slowing, although it is proving more resilient than was expected at the time of the October Monetary Policy Report (MPR).

Oil prices continued to drop, even though China appeared to have relaxed in a big way its Zero-COVID policy. U.S. oil inventory data showed a huge build in petroleum products that outweighed the nation's weekly draw in crude. That sent oil prices plunging for a fourth straight day, to end at near one-year lows at \$72 per barrel.

Week is closing, with EURUSD continue to climb, holding for the moment near the 1.06 level, while investors have their eyes for the day on the US PPI and inflation data for fresh cues.

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

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