WEEKLY MARKET RECAP: December 12 – December 16, 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 with British Gross Domestic Product data release, which showed estimated growth by 0.5% in October 2022, following a fall of 0.6% in September 2022, which was affected by the additional bank holiday for the State Funeral of HM Queen Elizabeth II.

OnTuesday Inflation data from US, caused some volatility in the markets, since Inflation in the United States slowed again last month in the latest sign that price increases are cooling despite the pressures they continue to inflict on American households. Consumer prices rose 7.1% in November from a year ago, the government said Tuesday. That was down sharply from 7.7% in October and a recent peak of 9.1% in June. It was the fifth straight slowdown. Measured from month to month, which gives a more up-to-date snapshot, the consumer price index inched up just 0.1%. USD after the release, lost some ground, with Dollar Index to breaking the 105 level, and reaching as low as 103.48.

Early on Wednesday, United Kingdom released the Consumer Prices Index including owner occupiers' housing costs (CPIH) which rose by 9.3% in the 12 months to November 2022, down from 9.6% in October. The largest upward contributions to the annual CPIH inflation rate in November 2022 came from housing and household services (principally from electricity, gas, and other fuels), and food and non-alcoholic beverages. On a monthly basis, CPIH rose by 0.4% in November 2022, compared with a rise of 0.6% in November 2021. The Consumer Prices Index (CPI) rose by 10.7% in the 12 months to November 2022, down from 11.1% in October. Later during the day, the Federal Reserve voted unanimously to raise the Fed Funds target rate range by 50bp to 4.25-4.5%, in line with market expectations. The text repeats that officials anticipate that “ongoing increases” in the Fed Funds rate will be “appropriate”.

Early on Thursday, Swiss National Bank tightened its monetary policy further and raised the SNB policy rate by 0.5 percentage points to 1.0%. Swiss was the first bank for the day, to raise their interest rates. Later, Bank of England hiked interest rates to 14-year high, at 3.50% followed by European raise, to 2.50%.

Thanks for reading! Have a great weekend.

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