

## WEEKLY MARKET RECAP: December 19 – December 23 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 peaceful in the markets, without any major event to disturb the volatility that the most important currencies had. Tuesday, Bank of Japan had the release for their interest rates decision, keeping the rates unchanged to -0.10%. But the most important thing was the announcement for an unscheduled Japanese Government bond buying operation. Following the announcement, JPY skyrocketed, with USDJPY to drop from 137 to 133, and continue to drop until 131 for the next hours.

The European Union finally agreed on a mechanism to cap natural gas prices, raising doubts about its ability to attract enough gas next year. The cap finally agreed upon was €180 a megawatt-hour, to be activated if the benchmark TTF contract in the Netherlands trades above that level for more than three days and is more than €35 above reference prices for liquefied natural gas. In the absence of peace in Ukraine, the EU will have to buy much more gas from alternative suppliers next year, having enjoyed nearly normal supplies from Russia for half of 2022.

Wednesday, investors eyes were on Canadian inflation data, which decelerated in November, but key gauges of underlying price pressures trended higher, increasing the likelihood of the central bank raising interest rates again. The consumer price index rose 6.8% from a year ago, higher than economist expectations of 6.7% and down from 6.9% in October. On a monthly basis, the index gained 0.1% in November, exceeding forecasts for no change.

U.S. crude inventories fell by 5.89 million barrels, according to data from the U.S. Energy Information Administration (EIA), compared with estimates for a drop of 1.66 million barrels. Oil prices rose by more than \$2 a barrel, but gains were capped by a snowstorm that is expected to hit U.S. travel. Expectations on drop in Russia's crude supply, helped to offset worries in the US, pushing Oil prices \$1 higher, early on Friday.

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

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