

WEEKLY MARKET RECAP: February 06 – February 10 2023

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 Australian Rates, which increased by 0.25%. Philip Lowe, the Governor of RBA, said at his statement after the announcement, that inflation will take some time to be back to normal levels, although it is expected to decline this year due to both global factors and slower growth in domestic demand. It was also mentioned that the board expects more interest rates increases.

On Tuesday, Bank of Canada's Macklem had a speech about how monetary policy works at a conference hosted by the Chartered Financial Analyst of Quebec. He said that its far too early to think about cutting rates. We are pausing hikes. Question is whether we've done enough, not whether we cut. Following that, FED chair Jerome Powell participated in a discussion at the Economic club of Washington and said that U.S. are just at the beginning of the disinflation process.

Coming to the end of the week, Monetary Policy Report Hearings from UK were released, and showed that Bank of England Governor Bailey says expected drop in inflation should factor into pay demands. The Governor has urged workers and employers to consider the expected sharp fall in inflation this year when negotiating pay settlements. U.K. inflation came in at an annual 10.5% in December, marking a second consecutive month of declines. GBPUSD reached 1.22 for the day, the weekly highest after the release of the Hearings.

Gold prices hovered around one month low early on Friday, as markets reassessed their expectations of more interest rate hikes from the Federal Reserve.

Later for the day, investors are focusing on Prelim UoM Consumer Sentiment for the US, and Prelim UoM Inflation Expectations ..

Thanks for reading! Have a great weekend.

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