

WEEKLY MARKET RECAP: February 27 – March 03, 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.

Early on Monday, Bank of Japan Governor nominee Kazuo Ueda said underlying inflation needs to show a major shift to change the course of monetary policy. At the second parliamentary hearing in the confirmation process, Ueda said the benefits of the BOJ's stimulus outweighs its side effects, again reinforcing the view that he isn't seeking a quick move away from a decade of massive easing should he assume his role in April.

Wednesday morning, Australia released the CPI data, which came out to be 7.4% instead of 8.1% as expected. At the same time, GDP q/q was also released, which came out at 0.5% instead of 0.8% expectations. Later on the day Bank of England Gov spoke at the Cost of Living Crisis Conference organized by the Brunswick Group, in London. The highlights of the speech:

- MONETARY POLICY MUST ENSURE THAT FOREIGN INFLATION DOES NOT BECOME LONG-TERM INFLATION GENERATED AT HOME.
- WE MUST CLOSELY MONITOR HOW THE TIGHTENING WE HAVE ALREADY IMPLEMENTED IS AFFECTING THE ECONOMY.
- THE UK LABOUR MARKET REMAINS EXTREMELY CONSTRAINED.

Early on Friday, gold prices advanced and were set for their first weekly gain in five as recent comments from Federal Reserve officials helped provide more clarity on the path of monetary policy this year.

Atlanta Fed President Raphael Bostic reiterated the case for a 25-basis point hike in March, while Fed Governor Christopher Waller said in a separate speech that moderating inflation and economic growth could call for rates peaking at an earlier forecast of 5.4%. Focus on Friday is on a reading on U.S. service sector activity, with any signs of economic resilience giving the Fed more room to raise interest rates.

Thanks for reading! Have a great weekend.

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