

WEEKLY MARKET RECAP: April 17 –April 21, 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.

The week started, slowly on Monday due to Easter holidays on Europe.

Tuesday, Canada released the CPI data, decreasing to 4.3% backing Interest-Rate pause from the BOC earlier this month. Later during Macklem Speech, he mentioned that another rate hike should not be ruled out of the picture to curb inflation.

On Wednesday, Euro area inflation data was released, showing decline to 6.9% from 7.4% the year before. European Central Bank (ECB) officials continue to suggest more rate hikes ahead. Philip Lane, ECB Chief Economist, said a hike in May was likely, with data determining the size. Regarding the Federal Reserve (Fed), policymakers also see more hikes. James Bullard prefers 50 bps more of tightening as the labor market seems "very, very strong". Raphael Bostic favors just one more rate hike and a long pause. According to the Beige Book, economic activity was "little changed" in recent weeks. The EUR/USD pair is waiting for the next catalyst, which could take it well above 1.1000 or trigger an extension to the downside. If market sentiment favors risk appetite, the Euro should benefit.

On Thursday, ECB President Lagarde had a speech at the Polytechnique Institute of Paris, with the most significant points from her speech to be that the Monetary policy still has some way to go, and that Inflation is too strong-we need to bring it back to the 2% target.

Investors today Friday, have their eyes open to see on Eurozone all the PMI data that are released during the day.

Thanks for reading! Have a great weekend.

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