

WEEKLY MARKET RECAP: May 01 –May 05, 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 Federal Reserve raised interest rates by 0.25% on Wednesday, and signalled a possible pause in June, though stressed that incoming data would reign supreme on monetary policy decisions.

The Federal Open Market Committee, the FOMC, raised its benchmark rate to a range of 5% to 5.25% from 4.75% to 5% previously.

In its May policy statement, the FOMC said "the extent to which additional policy firming may be required" would "take into account the cumulative tightening of monetary policy," and other incoming data. That marked a shift away from its prior language in March when Fed members anticipated "some additional policy firming may be appropriate," suggesting that a pause on hikes is in play for June.

On Thursday, the European Central Bank raised interest rates by 25 basis points as expected on Thursday, marking a slowdown from a recent string of more aggressive 50-point hikes.

In a statement, the ECB's Governing Council warned that the outlook for inflation continues to be "too high for too long," adding that underlying price pressures remain uncertain.

Policymakers also refrained from committing specifically to a further increase at the ECB's next meeting in June, saying only that any future rate movements will be based on the impact of upcoming economic and financial expectations for inflation.

Today Friday, all eyes are on the Non-Farm Payrolls data, which is expected to be out at 12:30 GMT.

Thanks for reading! Have a great weekend.

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