

Week ahead. Week beginning 04-04-2022

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Markets Review / Preview –

Better than expected economic data pushed US and other major indices higher last week.

The **fall in Crude Oil** following the US Administrations decision to **release 1 mln barrels of crude per day** for the next 180 days from the **strategic reserves** helped calm the energy markets.

This announcement happened after **OPEC refused the US requests** to increase production further.

NFP payroll data continues to paint a **tight labour market** with a slight miss on the headline new jobs although the previous months positive adjustment more than offset this.

We need to remind ourselves that up until the end of last month, the **Federal Reserve** was still executing its **final month of QE** so we should hardly expect a slowdown just yet.

Review

FTSE +55 +0.73% DOW +93 +0.3% S&P +114 +2.57% NASDAQ +490 +3.57%
DAX +140 +0.98% NIKKEI -483 -1.72% Hang Seng +634 +2.97%

Major stock indices have recovered the losses from when **Russia invade Ukraine on 24th February**. Some more convincingly than others with **US indices significantly higher** than the first days of the invasion whilst not surprisingly the **German Dax has not matched those gains** as it struggles with its **energy dilemma**.

Whilst Germany has confirmed its move to **reduce by 2/3rds its use of Russian gas** by the end of the year, it still has **significant demand** which **needs to be managed**.

Despite all the EU harmony on the matter, **Russia** continues to generate **\$700 Mln in revenue per day** from its energy sales which frustratingly for the West, continues to finance its unjust war in Ukraine.

EURUSD +0.65 +0.6% GBPUSD -0.67 -0.5% USDJPY +0.46 +0.38%

Gold -34 -1.74% UK OIL -14.93 -12.5% US OIL -13.28 -11.8%

Bitcoin +1,970 +4.45%

Oil slumped 12.5% following the news about the release of a significant amount from the US strategic oil reserves.

Although some **\$25 lower than the peak hit in early March**, the price is still **significantly higher than it was at the start of the year**.

Gold continues to pay the price for getting ahead of itself in early March. The USD dollar rally has capped the market above \$2,000 for now whilst medium prospects depend on the outcome of the Russian war in Ukraine.

Bitcoin continues to track US equities higher

Data / Events this week

A light calendar week which is usually the case following NFP week.

As reiterated each week since the invasion of Ukraine by Russia **events in Ukraine tend to dominate news.**

However markets are **focussing more again on the effects of inflation** and the measures that various central banks are deploying to prevent any longer lasting damage.

Monday

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| China | Two-day Ching Ming festival – or tomb sweeping day. China pays respect to its ancestors. |
| UK | Governor Andrew Bailey speaking at Stop Scams conference. |

Tuesday

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| Australia | Monthly policy meeting. Reserve Bank of Australia is under pressure to begin tightening monetary policy. Analysts expect the RBA to start tightening in June. no change this time around. AUD sensitive. |
| EU | EU, Ecofin Council of economic and finance ministers meets in Luxembourg. |
| US | ISM Services. Cooling over last three months. Expectation for a rebound this month. USD and equities sensitive. |
| US | Fed member Brainard – speaking at panel discussion about inflation at an online event hosted by the Federal Reserve Bank of Minneapolis. Could be interesting with Q&A session at the end. |

Wednesday

Europe **NATO foreign ministers** will gather in Brussels for a meeting of the North Atlantic Council to discuss war in Ukraine.

US **Crude Oil Inventories.** Slightly irrelevant still given the war in Ukraine and embargo on Russian oil in many states.

US **FOMC minutes** from last meeting when officials decided to **raise rates by 0.25%**. The first rise since the start of the pandemic. Market will want more **clarity** on FED thinking about **future rate rises**.
Currently the **market anticipates another 2.25%** of rate rises **by year end**. A marked change to a month ago! USD, equities and bonds all very sensitive to these minutes.

Thursday

US **FED's Bullard** speaking about economy at event in Missouri.

Friday

No major releases