

A rush to safety



By [Andre Cilliers](#)

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Investors are rushing back to the safety of the dollar as the Fed remains hawkish, fears of a global recession including China growth, and geopolitical tension between China and the US escalates.



Source: [Fxabay](#)

Certain Fed officials are still calling for a 75bps rate hike in September despite the latest moderation in the inflation data, with market bets currently split 60/40 between a 50bps and 75bps hike.

A slew of poor Chinese economic data over the past week as well as growing concerns over the Chinese real-estate market is stoking the recession worries in the country and putting pressure on EM markets.

The DXY index is up at 107.50 this morning with the dollar trading at 1.0078 against the euro and at 1.1908 against the pound.

The rand weakened 1.25% yesterday, falling to a 16.85 close as risk sentiment soured sharply. The rand is leading the drop in EM currencies, having lost 4.25% in just over a week.

This morning the local currency is sitting softer still at 16.91 with the 17.00 level as the next target.

Gold and Platinum ended weaker yesterday while there was a modest gain for Palladium and a surprising jump in the Copper price. This morning Gold is a touch weaker at \$1,755,

Platinum is down at \$908, and Palladium is down at \$2,144 as the stronger dollar weighs on prices. Copper has also fallen back to below the \$8,000 level.

Brent crude firmed slightly and is trading flat at \$96.20 this morning.

ABOUT ANDRE CILLIERS

Andre is the Currency Risk Strategist at TreasuryONE. Andre's career in treasury spans more than 30 years. He has gained his extensive currency risk experience in both the banking and corporate arena. Before joining TreasuryONE, Andre headed up the treasury department for a Tier One German international bank in South Africa.

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