

Dollar Index hovering around its lowest point this year

The Dollar Index is hovering around its lowest point this year as markets wait for non-farm payroll print this afternoon.

 By [Andre Cilliers](#) 4 Feb 2022



Source: [Pexels](#)

Rand update

The rand and its EM peers did react to the weaker dollar yesterday but have since remained relatively flat.

Opening at R15.23 this morning, we wait and see if the R15.20 level will be breached today. With much of today's focus being on the US non-farm payroll data, we can expect the rand to track sideways and react strongly after the release. Bad news can be good news as if the payroll misses the 150,000 expectations, the massive interest rate hikes that are priced in can maybe cause a jitter.

Commodity update

Gold and other metals have not changed much since yesterday afternoon.

Gold is trading just above \$1,800, platinum at \$1,035 and palladium on \$2,332. There has been a big shift in oil prices, with OPEC+ output and tensions on the Russian/Ukraine border weighing in. WTI has breached the \$90 mark for the first time since October 2014, on its way to a seventh consecutive week of gains.

The price of Brent Crude has also popped back above \$91.00 overnight. The inventories of copper are once again a focal point, with inventories continuing to fall. This could be on the back of the Chinese New Year and winter Olympics.

International update

The Bank of England hiked interest rates by 0.25% yesterday, and the ECB changed its stance to a hawkish tone. The vote was split 5 to 4, with four members seeking a 0.50% hike. The reaction to this was a weaker dollar, with the euro and pound trading at 1.1465 and 1.3605 respectively this morning. The Dollar Index is

now hovering around its lowest point this year as markets wait for the non-farm payroll print this afternoon.

The consensus is that the US economy added 150,000 during January, and with the previous two prints disappointing, we could see some volatility this afternoon. Overnight we saw the US equity markets get a beating as the Nasdaq closed over 3% down while the S&P 500 lost 2.4%. This is due to a tech sell-off we saw after Facebook results were disappointing.

Earlier this morning, we saw the Hang Seng climb just over 3% as markets returned after the Lunar New Year holidays.

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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