

Recession fears return unabated



By [Andre Cilliers](#)

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With interest rates rising around the world and central banks battling to contain surging inflation, concerns about global economic growth have heightened and seen risk appetites decline sharply.



Source: [Credit Suisse](#). Amid rising concerns over the Swiss lender's financial health, Credit Suisse executives are in talks with the bank's major investors to reassure them.

Equity markets, commodity markets, and especially emerging markets are all on the back foot.

[Reports](#) show that Credit Suisse executives are in talks with the bank's major investors to reassure them amid rising concerns over the Swiss lender's financial health.

Credit default swaps to insure against Credit Suisse defaulting have risen to levels last seen in 2008. Deutsche Bank is also rumoured to be under pressure.

With capital ratios of banks way up from the 2008 Global Financial crisis, will they default, and will we see central bankers step in once again?

On this note, the Japanese Yen touched the key 145.00 again this morning, the level at which the Bank of Japan intervened in markets recently as Asia opened up shaky in Q4.

Inflation in Europe jumped to 10.0% and to 9.9% in the UK, prompting traders to price in 75bps rate hikes by the European Central Bank and the Bank of England at their next monetary policy meetings, which helped the EUR and GBP a bit.

The pound has just jumped to 1.1245 on reports the UK government might change its mind on the proposed tax cuts.

For now, we will need some risk sentiment to return to see the rand recover some of its losses, as we open Q4 above R18.00. All the risk mentioned above will still weigh on the local currency, and volatility will remain with us.

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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