

Israel's sweeping Gaza siege sparks financial market jitters

By  Katja Hamilton

9 Oct 2023

In a pivotal move, the Israel Defense Minister has issued a sweeping directive, imposing a comprehensive siege on Gaza.



Source: [Pexels](#)

A blockade has been declared on Gaza, forbidding the entry of electricity, food, water, and fuel in the area, amid ongoing Israeli airstrikes on the coastal region for a third consecutive day.

This decision is set to reverberate beyond the geopolitical realm, triggering a discernible flight to safety in financial markets.

Already, over the weekend, the Palestinian/Israeli crisis saw the dollar firm on Monday, 10 October, as we saw the Middle East conflict spurring a risk-off scenario. US bonds were trading around 5bps higher across the curve.

Brent crude surged by \$2.28, or 2.7%, reaching \$86.86 per barrel by 08:59 GMT, and US West Texas Intermediate crude stood at \$85.23 per barrel, marking a gain of \$2.44, or almost 3%. Earlier in the session, both benchmarks experienced a sharp spike, surging by over \$4 per barrel.

Crucially, however, the closure of US markets on Monday may act as a containment factor for the evolving financial

dynamics, says Andre Cilliers, the currency risk strategist at TreasuryONE.

Investors and analysts alike are closely monitoring the unfolding situation, as the geopolitical landscape exerts its influence on global economic dynamics, he noted.

"With little in the way of facts, we have seen a little sell-off in risk assets, with the rand losing around 10 cents after the opening. The big mover for the day has been Brent Crude which is 3% higher. Even though we have seen some risk-off it is still contained until further clarity arises in the Middle Eastern scenario.

"Finally, with every risk-off move, we see the market going into the US dollar and that has been the case, but we have not seen the levels that we were at last week as the US dollar is currently trading above 1.0500 against the euro."

"The situation remains fluid and can change at the drop of a hat and we believe the market is waiting for more news."

ABOUT KATJA HAMILTON

Katja is the Finance, Property and Healthcare Editor at Bizcommunity.

- Dubai bounces back: Arabian Travel Market spotlights surging visitor numbers - 8 May 2024
- SA Post Office: Union deal halts layoffs at the 11th hour - 24 Apr 2024
- Transition to ZiG currency sparks trade disruption in Zimbabwe - 11 Apr 2024
- Nthabeleng Likotsi champions the first majority Black women-owned mutual bank - 18 Mar 2024
- African Bank: Championing youth-led small-business solutions at GEC+ Africa - 14 Mar 2024

[View my profile and articles...](#)

For more, visit: <https://www.bizcommunity.com>