

The JSE in turmoil

By [Andre Cilliers](#)

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Equity and currency markets were thrown into turmoil, wiping out all of Wednesday's gains as investors rushed into the dollar.



Source: 123RF

The dollar was supported by the fact that US interest rates are likely to hit 2.75% by year-end while rate hikes in the Eurozone and the UK would be slower.

The BOE hiked rates by 25bps yesterday but warned of the risk of a recession in the UK, triggering a 2.0% collapse in the pound.

Rand update

EM currencies were also hammered, with the rand falling by 4.13% to R16.08 at one stage before closing 3.52% weaker at R15.99 last night. The rand is currently trading a touch softer at R16.03 despite the dollar trading off yesterday's best levels.

Commodity update

Precious metals also succumbed to the strong dollar, with Gold closing at \$1,877 after having traded as high as \$1,909 earlier in the day, while Platinum and Palladium both ended lower.

This morning Gold traded flat at \$1,876, Palladium was 0.5% weaker at \$2,176, while Platinum was 2.75% weaker at \$954. Oil is holding steady at \$111.50 for Brent crude and at \$108.80 for WTI.

International update

The DXY index hit a 20-year high at 103.94 yesterday as the dollar surged in New York. This morning we had the DXY at

103.66 with the dollar trading at 1.0530 against the euro, at 1.2362 against the pound, and at 130.70 against the Yen as markets take a bit of a breather.

US Treasury yields climbed sharply yesterday as the 30y-yield touched 3.21% and the 10y-yield reached 3.11%. Yields slipped back a bit this morning, with the 30y-yield now at 3.14% and the 10y-yield at 3.06%. Wall Street plunged yesterday, reversing all of Wednesday's sharp rally.

The S&P fell by 3.56%, the Dow lost 3.12%, while the Nasdaq was 4.99% weaker. The Nasdaq was 6.0% weaker at one stage yesterday before pulling back at the close. The US equity futures opened flat this morning, but Chinese markets are down heavily.

Look out for the US unemployment and payroll numbers out later today.

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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