

# Dollar retreats in Asian markets



By Andre Cilliers

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The dollar has surprisingly softened in Asian markets this morning after having closed firmly on the front foot last night. Jerome Powell remained hawkish on interest rates, saying that the Fed is strongly committed to bringing down inflation. Markets are still pricing in a 75 bps rate hike at the Fed's September meeting.



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Next Tuesday's US CPI data is now sharply in focus, with traders waiting to see if inflation has really topped out. The European Central Bank (ECB) raised rates by the expected 75 bps yesterday and is committed to continuing tightening at future meetings. The big negative was the ECB's lowering of the expected Eurozone GDP to 0.9% from the previous 2.1%.

The DXY index has retreated this morning to 108.80 from last night's 109.52 close as the euro, pound, and yen have firmed to 1.0067, 1.1587, and 142.80, respectively.

The rand weakened to R17.54 levels after the ECB rate hike and Powell's hawkish speech before closing at R17.50 last night.

The rand was not helped by the surprise local current account deficit yesterday. The local currency has firmed to R17.40 this morning on the back of the softer dollar and in line with generally stronger EM currencies. We are likely to see some consolidation in markets today after a volatile week as we head into the weekend.

“ Rand on a slippery slope! Listen to the TreasuryONE Podcast HERE: [#Spotify](https://t.co/n17eUWqkJt#Spotify) [#Podcast](#) [#Markets](#) [pic.twitter.com/SaLXuaE7Tf](https://t.co/n17eUWqkJt#Twitter)— TreasuryONE (@TreasuryONE) [September 8, 2022](#) ”

Gold ended slightly softer last night, but there were fairly good gains for platinum and palladium. Currently,

Gold is up at \$1,720, platinum is up at \$882, and palladium is lower at \$2,111.

Copper rallied over 2% yesterday to finish at \$7,922 and is up further at \$8,055 this morning.

The price of Brent is still below the \$90 mark as demand worries continue to weigh in.

## 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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