

Market risk-averse amidst warning of global economic-growth dent

The Omicron variant is likely to usher global economic-growth downgrades, IMF has warned.



Source: [Pexels](#)

This ushered a substantial risk-off move yesterday ahead of today's US inflation data. This saw estimates for a 6.8% YoY jump in CPI. This would be the highest rise in inflation since 1982 when it touched 7.0%.

Analysts expect the Fed to announce a much faster pace of taper, which would open the way for an interest rate hike as early as March next year in the US.

Rand update

The rand led EM currencies weaker as it closed 1.34% weaker at R15.92. The local currency was not helped by a poor manufacturing production number which showed a surprise 8.9% YoY contraction.

The rand continues to trade on the back foot at R16.00 this morning and is likely to remain under pressure in the run-up to the US data later today.

Commodity update

The negative risk sentiment also weighed down Commodities, with all metals closing weaker on the day while the oil price also retreated. Gold, Platinum, and Palladium are trading relatively flat this morning at \$1,778, \$945, and \$1,815, respectively. Brent has dropped to \$74.30 this morning, while WTI is lower at \$70.89.

International update

The risk-off move saw the rally in equity markets stall, the DXY index rose, while there was a drop in US bond yields. The DXY index is up at 96.19, with the dollar trading at 1.1300 against the euro, at 1.3219 against the pound, and at 113.48 against the yen.

US jobless claims fell to the lowest level in 52 years, further reinforcing market bets for a faster taper and earlier rate hikes by the Fed. The S&P closed 0.72% lower yesterday, the Nasdaq lost 1.71%, while the Dow ended flat. US futures have opened unchanged this morning, while Asian markets are all in the red.

The JSE ALSI dropped 0.27% to close at 72,208.

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