

Inflation close to peaking; US consumer pricing reports biggest spike in 40 years

US consumer prices rose to a 40-year high of 7.0%, meeting market expectations and keeping the Fed's current monetary policy trajectory intact.



Source: [Fxabay](#)

Fears of a much faster jump in consumer prices abated, and we saw the dollar weaken substantially against its major peers as well as risk-sensitive currencies.

The rand continued to lead EM currencies stronger as it broke both the R15.50 and R15.35 key technical levels to close 1.75% firmer at R15.29. The rand is starting to look a little overbought at current levels, and we are likely to see some consolidation and correction before any further substantial move stronger.

Commodity update

The weaker dollar was good for commodities, with only Palladium ending softer on the day. Copper jumped 2.2% to close above \$10,000 on the day. Gold is trading flat at \$1,827 this morning, while Platinum and Palladium are both slightly weaker at \$975 and \$1,903, respectively.

The oil price has gained on the back of a large US inventory drawdown and the softer dollar. Brent is currently quoted at \$84.50 and WTI at \$82.50 in the Far East.

International update

The DXY index fell heavily, closing below the 95.00 level at 94.92 as the dollar weakened to above 1.1400 against the euro and to above 1.3700 against the pound. The DXY is trading at 94.97 this morning, with the dollar currently quoted at 1.1446 and at 1.3714 against the euro and pound respectively.

Today we have US PPI data out, which could indicate the direction for CPI going forward. US treasury yields are quoted marginally higher today at 2.08% for the 30y bond and at 1.74% for the 10y bond. US equities closed in positive territory after the CPI number, but Asian markets are all in the red this morning, and US futures have opened weaker. The JSE ALSI gained 2.59%, closing strongly at 75,885, with Industrials and Resources leading the way.

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