

Covid spike in China sours risk sentiment



By [Andre Cilliers](#)

21 Nov 2022

A record daily spike in Covid cases in China has turned risk sentiment negative this morning as fears of stricter lockdowns weigh on markets.



Source: [Rxabay](#)

Currency, commodity, and equity markets were mostly weaker this morning, and we see the DXY index up at 107.35, with the euro falling to 1.0280 and the pound down at 1.1875.

The dollar is further supported by fears of an escalation in the Russia/Ukraine conflict as well as the continuing hawkish stance of the Fed.

The latest Fed FOMC minutes, due for release on Wednesday, are likely to affirm the Fed's commitment to bring inflation down to the 2.0% target.

EM currencies have opened weaker this morning, and we have the rand currently quoted at R17.35 versus Friday's R17.24 close. The rand appears to be building a substantial base at the R17.20 level as it consolidates within a R17.20/R17.55 range for now.

Asian equity markets, as well as US futures, were all in the red this morning.

Precious metals have opened softer this morning on the back of the Chinese Covid concerns.

Gold is down at \$1,745, Platinum is lower at \$972, and Palladium is weaker at \$1,915.

Oil has also taken a fairly big hit, with Brent at \$86.73 and WTI down at \$80.80.

Supply concerns have eased while demand concerns have escalated, putting the price of Oil under pressure.

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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