

# Stricter Covid lockdowns in China raise concerns

 By [Andre Cilliers](#)

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Stricter Covid lockdowns in China and surging US bond yields have raised global growth concerns and strengthened the US Dollar.



Source: iStock

## Rand update

The rand starts the new trading week on the back foot as risk sentiment declines across most asset classes. The rand is 0.75% weaker this morning, currently trading at R16.13 versus Friday's 16.01 close. A break above the R16.20 level could see further weakness in the short term, with a move to R16.50 possible. Surging US bond yields and stricter Covid lockdowns in China have raised global growth concerns and strengthened the Dollar.

## Commodity update

Gold ended a touch firmer on Friday, but there were losses for both Platinum and Palladium. This morning sees Gold down 0.5% at \$1,872, Platinum is down 1.6% at \$947, and Palladium flat at \$2,048 as the strong Dollar weighs on metal prices. Brent crude is holding steady at \$112.50 as supply constraints are offset by falling demand out of China.

## International update

Markets are pricing in the Fed fund rate, hitting 3.0% by year-end, and we have US Treasury yields trading sharply higher once again. The 30y-yield is currently quoted at 3.24%, the 10y-yield at 3.15%, and the 5y-yield at 3.08%.

Investors are concerned by the fact that central banks need to raise rates in order to combat high inflation while at the same having to worry about slowing economic growth.

The DXY index is presently sitting just above 104.00, with some analysts now calling for a move to 107.00. The dollar is trading at 1.0505 against the euro, at 1.2272 against the pound, and at 131.07 against the Yen this morning.

Wall Street closed weaker on Friday, and US futures opened around 1.0% in the red this morning. Asian markets have also fallen heavily, with the Nikkei and the Hang Seng losing 2.29% and 3.81%, respectively.

## 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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