

Strong dollar driven by soaring US bond yields

 By [Andre Cilliers](#)

19 Apr 2022

We return from the long weekend to a strong dollar that is driven by soaring US bond yields and a renewed offensive by Russia into Ukraine.



Source: Supplied.

Rand update

The rand traded sideways in a 10-cent range over the two days that we were out of the market and has opened at R14.69 this morning, slightly softer from last night's R14.64 closing levels.

The rand is sitting at the upper end of the recent range as it remains susceptible to international movements but should gain some support from higher commodity prices and resource-driven dollar inflows.

Commodity update

Metal prices closed higher yesterday and are holding on to their gains this morning. Gold is up at \$1,973, Platinum at \$1,015, and Palladium at \$2,430.

A disruption to oil supply out of Libya, along with Russian supply losses, has seen the price of Brent bounce to \$113.40 while WTI has risen to \$108.10.

International update

Russia's renewed offensive into eastern Ukraine has raised market jitters and seen a move into the dollar. US Treasury yields have also risen sharply over the last few days, further keeping the dollar on the front foot.

The 30y-yield is currently at 2.95%, the 10y-yield at 2.86%, and the 2y-yield at 2.45%. The DXY index is up at 100.97 this morning, with the dollar trading at 1.0775 against the euro, at 1.3000 against the pound, while the Yen is trading at a 10-year weakest level of 128.10.

Wall Street closed marginally weaker yesterday, but the futures have opened stronger this morning. Asian markets are mixed, with losses for Chinese stocks but gains in Japan and Australia.

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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