

US inflation hits a new 40-year high of 7.9%

By [Andre Cilliers](#)

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Yesterday's risk-on mood on the back of optimism over a possible diplomatic solution to the Ukraine/Russia conflict has waned somewhat this morning. This, after the meeting between the two countries' foreign ministers failed to achieve any breakthrough.



Source: [Pexels](#)

US inflation hit a new 40-year high of 7.9%, while US Treasury Secretary, Janet Yellen, said that high inflation would be exacerbated by the events in Eastern Europe.

Rand update

The Rand briefly traded below R15.00 again but retraced as the dollar recovered against the majors. The Rand closed at R15.03 after keeping to a relatively narrow range for most of the day. This morning, the local currency has opened softer in line with most of its EM peers and is currently quoted at R15.10.

Commodity update

A fairly subdued trading day on the metals front yesterday as markets watched for any new developments in the Ukraine crisis. Gold is trading 0.5% softer at \$1,985 this morning, while Platinum is lower at \$1,061, and Palladium flat at \$2,935. The price of Coal remains elevated at \$395 per tonne while trading in Nickel on the LME is still suspended. The Brent crude price initially bounced yesterday but ended the day weaker. This morning we have Brent sitting at \$109.40, and WTI is at \$106.40.

International update

The Euro traded strongly up to 1.1120 against the Dollar yesterday after hawkish comments from the European Central Bank, but fell away sharply in the wake of the US CPI data and Janet Yellen's comments later yesterday afternoon.

Inflationary fears and global-growth concerns have seen the euro and pound fall to 1.1000 and 1.3080 against the Dollar this morning. The DXY index is up at 98.50, while the Dollar has hit a five-year high against the Yen at 116.74. The inflation number also saw US bond yields rise further yesterday as bets on a more hawkish Fed increased.

Wall Street closed in negative territory, and US futures are all in the red this morning. Asian-Pacific markets are trading sharply weaker this morning, with the Nikkei down over 2.0% and the Hang Seng losing nearly 3.0%. The JSE's All-share closed 1.66% stronger at 73,889 yesterday, with gains across all sectors.

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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