

# MARKET UPDATE

10/03/22

## **Gold Down, UAE Comments Induce Drop in Oil, and Improved Risk Sentiment**

Gold was down on Thursday morning in Asia. Investors retreated from the safe-haven yellow metal as U.S. Treasury yields rose and oil fell after comments from the United Arab Emirates (UAE).

The yellow metal pulled back about 3% in the previous session, the worst daily decline since January 2021, and halted a rally that took it near a record high hit in August 2020. The benchmark U.S. 10-year Treasury yield rose for a third consecutive day on Wednesday, with inflation remaining a concern even as oil prices fell.

## **Dollar Edges Higher, Euro Largely Steady Ahead of ECB Meeting**

The U.S. dollar edged higher Thursday, while the euro handed back some of the previous session's hefty gains ahead of high-level talks between Ukraine and Russia as well as the latest European Central Bank meeting.

EUR/USD fell 0.1% to 1.1065, maintaining most of Wednesday's 1.6% gain, its largest single-day jump higher since June 2016, after the announcement of talks between the foreign ministers of Ukraine and Russia as well as easing oil prices boosted risk sentiment.

## **Oil jittery as market weighs OPEC filling Russia supply gap**

Oil prices rose on Thursday in volatile trade following a sharp drop in the previous session as the market contemplated whether major producers would boost supply to help plug the gap in output from Russia due to sanctions for its invasion of Ukraine.

U.S. West Texas Intermediate (WTI) crude futures were up \$1.64, or 1.51%, at \$110.34 a barrel, after trading in a \$4 range. The contract had tumbled 12.5% in the previous session in the biggest daily decline since November.



## Capacity crunch crimps Australia's war-time commodity bonanza

Phones are ringing off the hook in Australia as buyers hunt for supplies of coal, gas and wheat to replace cargoes from Russia and war-torn Ukraine, but local producers are being hampered by infrastructural and labour constraints.

With shipping disrupted out of the Black Sea and U.S. sanctions on Russian oil as well as sanctions on Russian banks hitting trade finance, supply shortages are looming for coal, liquefied natural gas (LNG) globally.

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