

# MARKET UPDATE

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## Gold Down, but Set for Second Weekly Gain as Ukraine Conflict Continues

Gold was down on Friday morning in Asia, with U.S. Treasury yields gaining over the latest U.S. inflation report. However, it was set for a second weekly gain after talks between Russia and Ukraine made little progress.

Data released on Thursday showed that the U.S. consumer price index (CPI) grew 7.9% year-on-year and 0.8% month-on-month in February. The core CPI grew 0.5% month-on-month and 6.4% year-on-year.

## UK economy rebounds strongly in January

Britain's economy rebounded much more than expected in January from its coronavirus-related lull in late 2021, according to data on Friday that likely adds to the case for Bank of England policymakers to raise interest rates next week.

The Office for National Statistics said gross domestic product grew by 0.8% in month-on-month terms in January after a 0.2% decline in December. That was more than forecast by any economist in a Reuters poll which had pointed to growth of 0.2%.

## Dollar Gains, Euro Struggles to Hold ECB-inspired Gains

The U.S. dollar edged higher Friday, boosted by strength against the Japanese yen, while the euro pushed higher following the hawkish turn by the European Central Bank.

This move follows Thursday's release of data showing that U.S. consumer prices surged 7.9% year-over-year in February, the largest annual increase in 40 years.

Both the Federal Reserve and the Bank of Japan have policy meetings next week, but while this inflation release all but confirms the Fed will tighten monetary policy in the form of an interest rate hike, the BOJ is set to retain a dovish monetary policy.



## Oil rises but set for weekly loss after talk of potential supply plugs

Oil prices rose on Friday on continued concerns about supply disruptions for Russian oil and oil products but were on track for their biggest weekly decline since November after another volatile week.

Oil prices soared after Russia invaded Ukraine and hit their highest levels since 2008 but have pulled back a bit this week on hopes that some producing countries may act to increase supply. Fears about escalating bans on Russian oil persist, however, and were back in focus again on Friday

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