

MARKET UPDATE

18/03/22

Rouble stabilises near 104 vs dollar ahead of cenbank rate meeting

The Russian rouble eased slightly in light trading in Moscow on Friday, heading towards a psychologically important threshold of 100 against the dollar ahead of the central bank's board meeting.

The Bank of Russia is in focus as it will hold a regular rate-setting meeting after hiking the key interest rate sharply to 20% in late February following the start of what Moscow calls a "special operation" in Ukraine.

Oil gains as Russia-Ukraine talks stall

Oil prices extended their gains on Friday at the end of a third volatile week of trade after slim progress in peace talks between Russia and Ukraine raised the spectre of tighter sanctions and a prolonged disruption to oil supply.

Despite battleground setbacks and punitive sanctions by the West, Russian President Vladimir Putin has shown little sign of relenting. A fourth day of talks between Russian and Ukrainian negotiators took place by video link, but the Kremlin said an agreement had yet to be reached.

UK cost-of-living squeeze looms over Sunak's budget update

British finance minister Rishi Sunak must decide next week whether to spend billions of pounds more to ease the growing cost-of-living squeeze for households and businesses as inflation soars higher.

Sunak, who is due to deliver a budget update on Wednesday, wants to steer the public finances of the world's fifth-biggest economy back to normality after a COVID spending surge which pushed government borrowing to its highest ever in peacetime.



Stocks step back, oil bounces as peace talks stall

Stock markets took a breather on Friday after several days of sizeable gains, as geopolitical tensions arising from the Ukraine conflict kept investors on guard going into the weekend.

After a fourth straight day of talks between Russian and Ukrainian negotiators without tangible progress, earlier hopes for a peace deal have begun to wane and oil prices have begun climbing again.

BOJ maintains huge stimulus, warns of growth risks from Ukraine crisis

The Bank of Japan maintained its massive stimulus on Friday and warned of heightening risks to a fragile economic recovery from the Ukraine crisis, reinforcing expectations that it will stay an outlier in the global shift towards tighter monetary policy.

Governor Haruhiko Kuroda said there was no need for the BOJ to withdraw stimulus as an expected pick-up in inflation will be driven mostly by surging prices of energy and raw materials.

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