

MARKET UPDATE

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European Stock Futures Largely Lower; Russia Sanctions, Fed Minutes in Focus

European stock markets are expected to open largely lower Wednesday ahead of the likely imposition of new Western sanctions on Russia as well as concerns of aggressive monetary tightening by the U.S. Federal Reserve.

At 2 AM ET (0600 GMT), the DAX futures contract in Germany traded 0.2% lower, CAC 40 futures in France dropped 0.3% and the FTSE 100 futures contract in the U.K. fell 0.1%.

The United States and Europe are set to announce later Wednesday new sanctions to punish Moscow over alleged atrocities in Ukraine, something Ukraine President Volodymyr Zelensky described as "war crimes" in a speech to the United Nations security council.

Dollar Surges on Aggressive Fed Expectations; Euro Slips

The U.S. dollar strengthened Wednesday on raised expectations of aggressive monetary policy tightening by the Federal Reserve, while the euro was weighed by the prospect of additional sanctions on Russia.

At 3 AM ET (0700 GMT), the Dollar Index, which tracks the greenback against a basket of six other currencies, traded 0.2% higher at 99.640, just off its highest level since May 2000.

Driving the stronger tone in the dollar were comments from Federal Reserve Governor Lael Brainard, who is awaiting confirmation as Vice Chair of the U.S. central bank, who called for interest rate increases and rapid reductions to the Fed's balance sheet to bring U.S. monetary policy to a "more neutral position" later this year.

"I think we can all absolutely agree inflation is too high and bringing inflation down is of paramount importance," Brainard said at a conference at the Minneapolis Fed.

Brainard is normally seen as a more dovish policymaker, and her comments resulted in U.S. bond yields climbing sharply, with the benchmark 10-year yield rising to its highest since March 2019



Google-backed VerSe valued at \$5 billion in latest funding round

India's VerSe Innovation has raised \$805 million in a funding round led by Canada's top pension fund, putting a \$5 billion valuation on the Google-backed parent of short-video app Josh and news aggregator Daily hunt.

The funding round saw participation from firms including Canada Pension Plan Investment Board, Ontario Teachers' Pension Plan Board, Luxor Capital and Sumeru Ventures.

Sanction worries weigh on European shares

European shares retreated from over six-week highs on Wednesday as the United States and its allies were likely to further economically isolate Russia by imposing more sanctions, bolstering global inflation.

The pan-European STOXX 600 index fell 0.3%, joining Wall Street and Asia stocks as worries about an aggressively hawkish U.S. Federal Reserve also weighed. [MKTS/GLOB]

Technology and consumer discretionary stocks were the biggest drags on the index.

Raising worries about slowing growth, data on Wednesday showed German industrial orders fell more than expected in February on weaker demand from abroad as supply shortages, exploding energy prices and uncertainty linked to Ukraine war subdued manufacturing activity.

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