

MARKET UPDATE

22/04/22

Oil prices set for 4% weekly decline on demand concerns

Oil prices extended losses on Friday, heading for a 4% weekly drop and burdened by the prospect of rate hikes, weaker global growth and COVID-19 lockdowns in China hurting demand, even as the European Union weighed a ban on Russian oil.

Brent crude futures were down \$1.17, or 1.1%, to \$107.16 a barrel at 0420 GMT, while U.S. West Texas Intermediate (WTI) crude futures had declined \$1.17 cents, or 1.1%, to \$102.62 a barrel.

Both benchmark contracts were headed for weekly declines of around 4.0%.

This has been the least volatile week of trade since Russia launched its invasion of Ukraine on Feb. 24, sparking sanctions that cut Russian oil supply and led consuming nations to release a record volume of oil from emergency stocks. Moscow calls its actions in Ukraine a "special operation".

Yen and yuan suffer as Fed eyes faster hikes

The dollar was headed for its seventh consecutive weekly gain on the yen on Friday and its best one-week rise on China's yuan in more than two years as higher U.S. yields hoist the greenback.

China is easing monetary policy and Japan is pinning its government bond yields near zero, while overnight Federal Reserve Chairman Jerome Powell said a 50 basis-point rate hike was on the table at the next meeting in two weeks.

Analysis-Dollar's rally may be nearing 'tipping point' as Fed readies big hikes

A months-long rally in the dollar may be reaching its peak as the Federal Reserve gears up to deploy more interest rate hikes, according to the currency's trading patterns in past tightening cycles.

The dollar has risen around 7% against a basket of currencies in the past year to its highest level since March 2020, boosted in part by expectations the Fed is ready to employ robust rate hikes to tame the worst inflation in nearly 40 years.



Gold Up, but Set for First Weekly Loss in Three over Strong U.S. Yields

Gold was up on Friday morning in Asia but strengthening U.S. Treasury yields put bullion on course for its first weekly loss in three.

Gold futures were up 0.26% to \$1,953.30 by 12:26 AM ET (1:35 AM GMT).

"The outlook for gold is subdued as rising rates obviously weigh, but until we break the trading range of between \$1,930 to under \$2,000 in a convincing manner ... we really don't have much of a direction for gold," Tiger Brokers, Australia chief strategy officer Michael McCarthy told Reuters.

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