

MARKET UPDATE

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ECB must quickly raise key rates, says head of Germany's Ifo institute

The European Central Bank must quickly raise interest rates in line with the United States, given high inflation in the euro zone, the head of Germany's Ifo institute told the Augsburg Allgemeine newspaper.

"The U.S. interest rate hike leads to an appreciation of the U.S. dollar against the euro, which increases inflationary pressure in Europe," Ifo head Clemens Fuest said, according to an advance copy of the newspaper, published on Friday. "In this respect, there is some pressure for the ECB to follow."

Dollar Climbs to Highest Level in 20 Years; Payrolls Eyed

The U.S. dollar soared in early European trade Friday, climbing to its highest level in two decades ahead of the release of the closely watched monthly U.S. jobs report which could pave the way for further monetary policy tightening.

At 3 AM ET (0700 GMT), the Dollar Index, which tracks the greenback against a basket of six other currencies, gained 0.2% to 104.040, the first time the index has broken 104 in 20 years.

The U.S. Federal Reserve announced a 50 basis point hike, its largest increase since 2000, on Wednesday, and although Chairman Jerome Powell indicated that the policymakers weren't actively considering more substantial moves in the future the market is less sure.

Rouble hits over two-year high vs euro on capital controls, weak demand

The Russian rouble strengthened to a more than two-year high against the euro on Friday and headed back towards 66 versus the dollar, supported by capital controls and weak forex demand, as the spectre of more sanctions against Moscow hung over Markets



China's trade seen faltering in April as COVID curbs hit output

China's export growth is expected to have slowed to a crawl in April as strict COVID-19 curbs hit production while imports likely extended declines, creating heavy headwinds for the world's second-largest economy in the second quarter.

The trade sector, which accounts for about a third of gross domestic product and employed 180 million people in 2020, is losing momentum as widening anti-virus curbs ensnared supply chains.

Exports likely grew 3.2% from a year earlier, according to a median forecast in a Reuters poll of 18 economists, slowing sharply from a 14.7% gain in March. The forecast is the slowest growth since June 2020.

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