

MARKET UPDATE

11/05/2022

Dollar's surge spurs currency hedging by U.S. companies

U.S. companies are ramping up efforts to protect their profits from a relentless rally in the dollar, as the greenback surges to multi-decade highs.

The dollar has climbed about 15% against a basket of currencies over the last year, helped by a hawkish Federal Reserve and heightened geopolitical tensions that have boosted the greenback's safe-haven appeal.

Bank of Spain sees moderate immediate risk to banks from climate policies

Spain's transition to cleaner energy could bring more notable risks to sectors with higher CO2 emissions, such as transport, manufacturing and agriculture, though any impact on banks would be moderate in the short run, the Bank of Spain said.

In an analysis of how increasing prices of CO2 emission rights can affect the banking sector, the central bank said on Wednesday that, on average, they would have a moderate impact on the credit quality of corporate loans.

However, if physical climate change risks, such as droughts and wildfires, materialise strongly, that would raise the long-term likelihood of default for some households and firms, it said.

Europe Gas Prices Shrug Off Disruption of Flows Through Ukraine

European natural gas prices fell slightly by mid-morning on Wednesday, shrugging off news that physical flows of natural gas from Russia had been disrupted for the first time.

By 5:30 AM ET (0930 GMT), the front-month Dutch TTF contract, which serves as a benchmark for north-west Europe, was down 2.3% from Tuesday's close at 96.50 euros a megawatt-hour, having risen as high as 104.50 euros in the first hour of trading.



Turkey's new measures fall short of addressing surging house prices, builders say

Turkish builders say new government schemes to support the real estate sector will boost home sales but that they fall short of addressing skyrocketing house prices that have surged nearly 100% annually.

President Tayyip Erdogan announced three separate loan packages on Monday to address soaring real estate prices, as residents struggle to find affordable homes to rent or buy after last year's currency crisis.

One measure was a loan package for construction companies to finish incomplete projects under the condition that they promise to keep their home sale prices unchanged for a year.

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