

MARKET UPDATE

12/05/2022

Dollar Strengthens After CPI; Sterling Hit by GDP Release

The U.S. dollar strengthened in early European trade Thursday to a new two-decade high after U.S. inflation remained stubbornly high, while sterling weakened on disappointing U.K. growth data.

At 3:10 AM ET (0710 GMT), the Dollar Index, which tracks the greenback against a basket of six other currencies, rose 0.3% to 104.162, having earlier climbed to 104.243, the highest level since December 2002.

Tether Falls Against Dollar as Crypto Selloff Deepens

The world's biggest stablecoin fell below its notional peg of 1:1 against the dollar on Thursday as the global selloff in cryptocurrencies deepened.

Tether dipped as low as was trading at 93.35 cents in early trading in Europe - over 6.5% below its peg - but recovered most of its losses after Tether's chief technology officer Paolo Ardoio repeated reassurances over the quality of its backing.

Oil slips more than 2% on fears recession may hit demand

Oil prices dropped more than 2% on Thursday in a volatile week as recession fears dogged global financial markets, outweighing supply concerns and geopolitical tensions in Europe.

Brent crude was down \$2.26, or 2.1%, to \$105.25 a barrel at 0903 GMT. WTI crude fell \$2.45, or 2.3%, to \$103.26 a barrel.

Oil prices are under pressure this week, along with global financial markets, amid jitters over rising interest rates, the strongest U.S. dollar in two decades, concerns over inflation and possible recession.



Stocks in a tailspin, dollar soars as hard landing fears grow

Shares sank to a 1-1/2 year low on Thursday and the dollar hit its highest in two decades, as fears grew that fast-rising inflation will drive a sharp rise in interest rates that brings the global economy to a standstill.

Those nerves and the still-escalating war in Ukraine took Europe's main markets down more than 2% in early trade (EU) and left MSCI's top index of world shares at its lowest since late 2020 and down nearly 20% for the year.

The global growth-sensitive Australian and New Zealand dollars fell about 0.8% to almost two-year lows. The Chinese yuan slid to a 19-month trough while the dollar powered to its highest level since late 2002.

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