

MARKET UPDATE

18/05/2022

Dollar Up, Improving Risk Sentiment Boosts Euro and Pound

The dollar was up on Wednesday morning in Asia. Overnight surges gave the euro and pound a boost in early trading, alongside strong U.K. jobs data and a general improvement in investor sentiment thanks to positive U.S. retail sales data and hopes that China will ease COVID-19 lockdowns.

Euro and sterling helped by improved market sentiment

Overnight surges left the euro and pound sitting pretty in early Asia helped by good U.K. jobs data and a general improvement in investor sentiment on solid U.S. retail sales and hopes of easing lockdowns in China.

The European common currency touched \$1.0563 in early Asia trade, after rising 1.1% overnight, its largest day of percentage gains since March.

Sterling touched \$1.2501 after a 1.4% overnight rally, its best day since late 2020, also helped by data that showed Britain's jobless rate hit a 48-year low.

Gold Down as Investors Continue Digesting Hawkish Powell Remarks

Gold was down on Wednesday morning in Asia, with the dollar continuing its retreat from a 20-year high and countering pressure from stronger Treasury yields. Investors also digested the latest hawkish comments from U.S. Federal Reserve Chairman Jerome Powell.

Gold futures were down 0.59% to \$1,808.24 by 12:48 AM ET (4:48 AM GMT). The dollar, which normally moves inversely to gold, edged up on Wednesday but extended its decline into a fourth day. Investors' increased appetites for riskier bets also took the edge off the safe-haven greenback's appeal.



Oil Climbs as US Gasoline Market Tightens, China May Ease Curbs

Oil jumped on further signs of tightness in key US product markets and speculation that China may be moving closer to easing anti-virus lockdowns that have sapped crude demand in the world's largest importer.

West Texas Intermediate rose above \$113 a barrel after falling on Tuesday. The American Petroleum Institute reported gasoline inventories sank by more than 5 million barrels last week, according to people familiar with the data, which also showed lower crude holdings. Official figures come later on Wednesday.

China Stocks Slide as Liu's Vows Underwhelm, Covid Woes Continue

Tech stocks led a broad decline in China markets on Wednesday as support pledges from Vice Premier Liu He lacked fresh detail and new virus outbreaks around key cities weighed on investor sentiment.

The Hang Seng Tech Index fell as much as 2.3%, having rallied nearly 6% in the previous session. Hong Kong's benchmark Hang Seng Index and China's CSI 300 Index both slid as much as 1%.

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