

MARKET UPDATE

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Dollar Stabilizes, but Hikes Elsewhere

The dollar stabilized in early trade on Wednesday after falling on Tuesday as a collapse in new home sales and a slump in social media stocks stoked fears of a U.S. recession.

U.S. bond yields had slumped on Tuesday on safe-haven flows, an illustration of the market's focus moving from fears of inflation to fears for growth. Expectations for the path of U.S. interest rates are consequently being trimmed, reducing the support that they have given to the greenback in recent weeks.

Dollar bounces as Snapchat sours mood; Aussie, kiwi sink

China and the United States are committed to reach an arrangement on the audit inspection issue that is in line with legal and regulatory requirements for both sides, China's securities regulator said on Wednesday.

The statement from the China Securities Regulatory Commission (CSRC) came in response to a U.S. Securities and Exchange Commission (SEC) official saying "significant issues remain" in reaching a deal over U.S.-listed Chinese company audits.

Russia pushed closer to brink of default after U.S. payment license expires

The United States pushed Russia closer to the brink of a historic debt default on Wednesday by not extending its license to pay bondholders, as Washington ramps up pressure on the country following its invasion of Ukraine.

The U.S. Treasury Department late on Tuesday it would not extend the license, set to expire at 12:01 am ET (0401 GMT) on Wednesday, which allowed Russia to make interest and maturity payments on its sovereign debt to U.S. persons.

That waiver has allowed Russia to keep up government debt payments, but its expiry now appears to make default inevitable - the country's first major one on international sovereign bonds in more than a century.

As U.S. economy's exceptionalism fades, so does the dollar

The dollar's rally to two-decade highs appears to have stalled, with doubts growing on whether the U.S. economy will prove as resilient and monetary policy as aggressive as previously expected.

After climbing 10% in three months, the greenback has slipped 3% since May 13. Some reckon that's because the safe-haven bid sparked by the Russia-Ukraine war has now ebbed. Others say that if the Federal Reserve were to tighten monetary policy significantly it would risk propelling the U.S. economy into recession.

And finally, while U.S. rate hikes will still outpace those in other major economies, there are signs that rate-hike laggards in the euro zone and Switzerland are readying their own policy-tightening campaigns.

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