

# **MARKET UPDATE**

**26/05/2022**

## **Dollar Edges Higher; U.S. GDP Quarterly Data Due**

The U.S. dollar edged higher in early European trade Thursday, but remained near a one-month low amid concerns aggressive tightening by the Federal Reserve may already be slowing economic growth.

At 3:05 AM ET (0705 GMT), the Dollar Index, which tracks the greenback against a basket of six other currencies, traded marginally higher to 102.095, still below the two-decade high above 105 seen in the middle of May.

The minutes from the early May Fed meeting, released Wednesday, indicated that the central bank policymakers will be sticking to a plan to raise rates by a half-percentage point at its next two meetings starting next month, largely as expected.

## **Oil climbs on tight supply, though EU ban on Russian supply still uncertain**

Oil prices rose on Thursday, extending a cautious rally this week on signs of tight supply while the European Union (EU) wrangles with Hungary over plans to ban imports from Russia, the world's second-largest crude exporter, after it invaded Ukraine.

A bigger-than-expected drawdown in U.S. crude inventories in the week to May 20, following soaring exports, buoyed the market on Wednesday. Analysts said the inventory draw and the prospect of an EU embargo on Russian oil, in retaliation for what Moscow calls its "special military operation" in Ukraine, were pushing prices higher.

## **BT Slumps as Government Investigates Altice Stake-Building**

BT Group (LON:BT) stock fell 4.4% at the open on Thursday after the U.K. telecoms group said the government will take a closer look at the investment in it by the Altice company of French businessman Patrick Drahi.

BT said the Secretary of State for Business, Industry and Skills had exercised his right to investigate the holding under the government's new national security legislation, which came into force in January.

## Russian central bank slashes rates, flags more cuts

Russia's central bank lowered its key interest rate to 11% at an off-schedule meeting on Friday and said it saw room for more cuts this year, as inflation slows from more than 20-year highs and the economy is about to contract.

The central bank held the extraordinary meeting after cutting the key rate to 14% in April, weeks after an emergency rate increase to 20% triggered by Russia's move to send tens of thousands of troops into Ukraine on Feb. 24.

The central bank, which has now slashed its key rate by a cumulative 900 basis points since February, said it "holds open the prospect of key rate reduction at its upcoming meetings."

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