

# MARKET UPDATE

**01/06/2022**

## **Oil prices nudge higher on EU's Russian oil ban, end of Shanghai lockdown**

Oil prices inched higher on Wednesday after European Union leaders agreed to a partial and phased ban on Russian oil and as China ended its COVID-19 lockdown in Shanghai.

EU leaders agreed in principle on Monday to cut 90% of oil imports from Russia by the end of this year, the bloc's toughest sanctions yet on Moscow since the invasion of Ukraine three months ago, which Moscow calls a "special military operation".

## **Dollar hits two-week peak to yen amid U.S. yield rise**

The dollar rose to a two-week high versus the yen on Wednesday, lifted by higher Treasury yields as global inflation worries flared anew.

The dollar index, which measures the currency against six major peers, including Japan's, rose 0.29% to 102.05, extending a 0.38% rally from Tuesday, when data showed euro-area consumer inflation soaring to a record.

## **Russian manufacturing activity returns to growth in May**

Russian manufacturing activity expanded in May after three months of contraction and price pressures eased notably, but sanctions continued to dent client demand, a survey showed on Wednesday.

The S&P Global (NYSE:SPGI) Purchasing Managers' Index (PMI) rose to 50.8 from 48.2 in the previous month, climbing above the 50.0 mark that separates expansion from contraction for the first time since January

Russia's manufacturing industry remains under heavy pressure from sanctions imposed by the West over what Moscow calls a "special military operation" in Ukraine that started on Feb. 24.



## Stocks struggle, dollar gains as inflation hits records

Stocks and bonds struggled in Asia on Wednesday while the U.S. dollar rose as investors worried about inflation and the hit that containing it with rate rises will bring to global growth.

Shanghai emerged blinking from two months of lockdown but as data showed steep falls in factory activity across Asia from the withering of China's demand, relief was short-lived.

MSCI's broadest index of Asia-Pacific shares outside Japan was dragged 0.7% lower by a 1% drop for Hong Kong's Hang Seng index. Japan's Nikkei rose 0.6%.

S&P 500 futures were last up 0.4%, but had given up larger early gains. Euro STOXX 50 futures rose 0.5%, as did FTSE futures.

Soaring food and energy costs drove eurozone inflation to a record-high 8.1% in May, Tuesday figures showed, stoking concern about rate rises not just in Europe but globally.

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