

MARKET UPDATE

08/06/2022

Dollar Higher; Risk Sentiment Slips as Central Banks Tighten Policy

The U.S. dollar rose in early European trade Wednesday with risk sentiment on the wane as central banks tighten monetary policy, likely weighing on global economic growth.

Central banks around the globe have started to respond to soaring inflation by tightening monetary policy, which had been very loose in the wake of the COVID-19 pandemic.

Earlier Wednesday, India's central bank raised the key interest rate for a second straight month by 50 basis points to 4.90%, which follows on from a similar move by the Reserve Bank of Australia on Tuesday.

European shares slip as Credit Suisse profit warning weighs on banks

European shares fell on Wednesday, quickly erasing opening gains as a near 6% slide in Credit Suisse after a profit warning hit banks, while falling metal prices weighed on miners.

Banks fell 1% as Credit Suisse said it was likely to see a group-wide loss in the second quarter, a further blow to the embattled lender.

As iron ore and base metal prices fell, miners tripped 0.7%. [IRONORE/] [MET/L]

But losses were capped by energy stocks, which tracked oil prices higher, and retailers as Zara's owner Inditex (BME:ITX) jumped 4.1% after reporting an 80% jump in its net profit for the February-April period. [O/R]

Apple's new car software no threat

Panasonic (OTC:PCRFY) Holdings Corp does not see Apple's new software for car dashboards as a threat, its automotive business unit said.

Apple Inc (NASDAQ:AAPL) on Monday announced it planned greater integration of its software into core driving systems, showing off a new car dashboard that it said would be able to display data on speed, fuel and gas mileage.

Credit Suisse Warns of Likely Second Quarter Loss

Credit Suisse Group AG (SIX:CSGN) shares fell sharply on Wednesday, after the Swiss bank warned it will likely slide to a group-wide loss in the second quarter, citing "challenging" market conditions that have led to weakness at its key investment banking division.

The Swiss bank said the unit has been partly hit by volatility stemming from the conflict in Ukraine, "significant" monetary tightening by central banks to tackle rising inflation, and the end of Covid-era stimulus measures.

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