MARKET UPDATE

10/06/2022

Dollar Up, Investors Looking to U.S. Inflation Data for Policy Cues

The dollar was up on Friday morning in Asia ahead of U.S. inflation data and after the European Central Bank (ECB) suggested future interest rate hikes.

The U.S. Dollar Index that tracks the greenback against a basket of other currencies inched down 0.09% to 103.127 by 1:09 AM ET (5:10 AM GMT).

China's producer inflation cooled to its slowest pace in 14 months in May. Official data showed that the producer price index (PPI) rose 6.4% year-on-year in May, while a rise of 8.0% was recorded in April, due to a weaker demand for steel, aluminum, and other raw materials given the COVID-19 disruption.

Oil prices fall as partial Shanghai lockdowns stoke demand worries

Oil prices slipped on Friday but remained within touching distance of three-month highs as fears over new COVID-19 lockdown measures in Shanghai outweighed solid demand for fuels in the United States, the world's top consumer.

Brent crude futures for August were down 33 cents, or 0.3%, at $122.74 a barrel at 0647 GMT, after dropping to as low as $121.60 earlier in the session and declining 0.4% on the previous day.

U.S. West Texas Intermediate crude for July fell 29 cents, or 0.2%, to $121.22 a barrel, having dropped 0.5% on Thursday.

China's May vehicle sales fall 12.6%, industry body says

China's May auto sales fell 12.6% year on year for the third consecutive monthly decline as the nation's measures to combat the spread of COVID-19 continued to drag on the market.

Overall sales in the world's biggest car market fell to 1.86 million vehicles in May, data from the China Association of Automobile Manufacturers (CAAM) showed.

+357 25 752 420 +357 25 752 450 info@ausprime.eu
Spyrou Kyprianou 41 Avenue, Steratzias Court 2, 1st floor, Flat 103, 4003, Mesa Geitonia, Limassol

Bundesbank Downgrades German Growth Forecasts, Raises CPI

The Deutsche Bundesbank slashed its growth forecast for 2022 and for the next two years, saying that the war in Ukraine and ongoing high inflation look set to weigh on Europe's largest economy for the foreseeable future.

The German central bank cut its forecast for growth this year to 1.9% from an estimate of 2.5% last December, but its downgrades for the coming two years were even bigger. It now sees growth of only 2.4% in 2023 and 1.8% in 2024. In its last half yearly forecasts, it had expected 4.2% and 3.6% respectively.

The bank warned that it expects a round of historically high collective wage agreements this year but said that "strong wage increases will at first only partially offset high inflation."

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