

MARKET UPDATE

17/06/2022

Dollar Soars Against the Yen After BOJ Stands Pat

The U.S. dollar rose in early European trade Friday, posting strong gains against the Japanese yen after the Bank of Japan maintained its ultra-easy monetary policy in contrast to the aggressive tightening of its peers.

This very loose monetary policy places the BoJ in a room on its own after the U.S. Federal Reserve, the Swiss National Bank, and the Bank of England all hiked interest rates this week.

With record pump prices, Biden hard-pressed to ramp up Russia sanctions

As the Biden administration contemplates expanding punitive measures on Russia for its invasion of Ukraine, a big hurdle lies closer to home: the American consumer.

U.S. drivers are embarking on summer vacations with gasoline prices averaging more than \$5 a gallon for the first time ever. And rising oil and natural gas prices are helping to boost inflation to the highest level in four decades, driving up prices for food, electricity and housing.

Tougher sanctions on Russia, among the world's biggest oil and gas suppliers, would likely only make that worse.

European shares steady at the end of brutal week

European stocks inched higher on Friday but were set for sharp weekly losses as a slew of interest rate hikes from major central banks fuelled worries about a sharp economic slowdown.

World stock markets were heading for their biggest weekly decline since markets' pandemic meltdown in March 2020, hit by growing worries about a recession after rate increases in the United States and Britain were followed by a surprise move in Switzerland to quell an inflation surge.

Oil lower on demand concerns, but tight supply caps downside

Oil prices edged lower on Friday as demand concerns emerged following this week's rate hikes, although persisting supply tightness and new sanctions on Iran limited the downside.

If losses hold through the day, Brent futures would post their first weekly dip in five weeks, while U.S. crude futures would see their first decline in eight weeks.

"Brent crude and WTI saw some heavy selling intraday as markets tried to price in a plethora of central bank hikes and potential recessions," said Jeffrey Halley, a senior Asia Pacific market analyst at OANDA.

Important Note: The information found on Ausprime platform is intended only to be informative, is not advice nor a recommendation, nor research, or a record of our trading prices, or an offer of, or solicitation for a transaction in any financial instrument and thus should not be treated as such. The information provided does not include any specific investment objectives, financial situation and needs of any specific person who may receive it. The past performance is not a reliable indicator of future performance and/or results. Past Performance or Forward-looking scenarios are not a guarantee of future performance. Actual results may differ materially from those anticipated in forward-looking or past performance statement

