

MARKET UPDATE

22/06/2022

Dollar Gains Ahead of Powell's Testimony; U.K. CPI Hits 40-Year High

The U.S. dollar pushed higher in early European trade Wednesday with Fed Chair Jerome Powell expected to talk tough on inflation during his testimony to Congress, while sterling fell in wake of more elevated inflation data.

Wednesday's main event is the start of U.S. Federal Reserve Chair Jerome Powell's two-day testimony to Congress, with investors looking for further clues about whether another 75 basis point rate hike is on the cards at the Fed's July meeting.

BoE will 'act forcefully' to stem inflation,

The Bank of England will "act forcefully" to combat rising prices, British finance minister Rishi Sunak said on Wednesday, as data showed UK inflation had hit a new 40-year high of 9.1% in May.

Sunak told reporters that Britain had "all the tools we need" to bring down inflation.

"Firstly, the Bank of England will act forcefully to combat inflation," he said. "Secondly, the government will be responsible with borrowing and debt so we don't make the situation worse and drive up people's mortgage rates any more than they're going to go up.

Italian Bonds Underperform as 5 Star Split Weakens Draghi's Govt

The risk premium on Italy's bonds increased on Wednesday after one of the parties that Prime Minister Mario Draghi depends on for his parliamentary majority split over its policy toward Ukraine.

Foreign Minister Luigi di Maio confirmed on Tuesday that he will leave the 5 Star Movement, the biggest party in Draghi's de facto coalition, over the refusal of its leader Giuseppe Conte to support the shipment of arms to Ukraine to defend itself against the invading Russian forces.



Oil slumps by around \$5 as Biden calls for fuel tax cut

Oil prices tumbled on Wednesday amid a push by U.S. President Joe Biden to cut taxes on fuel to cut costs for drivers amid aggravated relations between the White House and the U.S. oil industry.

Brent crude futures were down \$4.65, or 4.1%, at \$110.00 a barrel while U.S. West Texas Intermediate (WTI) futures fell \$5.08, or 4.6%, to \$104.44 by 0918 GMT.

Earlier in the session, both contracts had shed over \$6 each to hit their lowest levels since May 19 and 12, respectively.

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

