

MARKET UPDATE

28/06/2022

Euro below \$1.06 as Lagarde keeps July policy options open

The Aussie and the Canadian dollar climbed on Tuesday on firmer oil prices while the euro held below \$1.06 as European Central Bank (ECB) President Christine Lagarde offered no fresh insight on the central bank's policy outlook.

The ECB is widely expected to follow its global peers by raising interest rates in July to check soaring inflation though economists are divided on the magnitude of the rate hike to protect a struggling economic recovery due to high oil prices.

Oil prices are up 10% in barely a week on supply constraint concerns with Brent crude holding above \$117, pushing the Canadian dollar and the Australian dollar up 0.3% and 0.4% respectively. [O/R]

Norway helping plug Europe oil gap as Russian barrels head east

As Europe searches the world for oil to replace Russian barrels, one oilfield closer to home is helping plug the gap.

Norway's Equinor is sending crude from the giant Johan Sverdrup field in the North Sea to the European market instead of Asia, where it exported about 100 million barrels last year.

In Europe Norwegian crude has become almost a direct replacement for Russia's similar Urals grade for refiners in Germany, Poland, Lithuania, Sweden and Finland as well as in Turkey, according to Equinor.

Goldman Sachs expects over \$1.2 billion losses from consumer unit this year

Goldman Sachs Group Inc (NYSE:GS)'s internal projections show the bank's consumer unit will record losses of more than \$1.2 billion this year, Bloomberg News reported on Tuesday, citing people with knowledge of the matter.



G7 agrees to explore cap on Russian oil price

The Group of Seven economic powers have agreed to explore imposing a ban on transporting Russian oil that has been sold above a certain price, they said on Tuesday, aiming to hit Russian President Vladimir Putin's war chest.

The war in Ukraine and its dramatic economic fallout, in particular soaring food and energy inflation, dominated this year's summit of the group of rich democracies at a castle resort in the Bavarian Alps.

An oil price cap would ratchet up existing Western pressure on Russia from sanctions, which German Chancellor Olaf Scholz insisted would stay until Putin accepted failure in Ukraine.

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