

MARKET UPDATE

30/06/2022

Euro bruised as inflation fears send safety-seeking investors to dollar

The euro struggled to regain its footing on Thursday after tumbling overnight against a resurgent U.S. dollar, which benefited from safe-haven demand on renewed worries about higher rates and a global recession.

It also dropped to a fresh 7-1/2-year low versus the Swiss franc at 0.9963 francs early in the Asia session on Thursday, with the Alpine currency another beneficiary of safe-haven flows and also still basking in the afterglow of the Swiss National Bank's surprise rate hike two weeks ago.

With IPOs on ice, banks' stock offering fees plummet

Recession fears and Russia's invasion of Ukraine sent a chill through equity capital markets (ECM) in the second quarter, depriving bankers of lucrative fees for arranging stock sales such as initial public offerings (IPOs).

The slowdown drove global investment banks' fees from ECM deals down 74% to \$2.6 billion, according to Refinitiv data, dragged by the worst quarter in 13 years for ECM markets globally.

IPOs and other capital raising exercises by listed companies totalled \$94 billion between end-March and June 21, a quarter of the amount raised during the same period last year due to the slump in U.S. and European deals.

Gold Down, as Central Banks Take Aggressive Stance Against Inflation

Gold was down on Thursday morning in Asia, set to fall for a third straight month, as investors assessed bullion's outlook with major central banks adopting aggressive means to bring down soaring prices., Gold futures inched down

The dollar, which normally moves inversely to gold, inched down on Thursday morning. The dollar hovered near recent two-decade peaks. The strengthening dollar has dented non-yielding bullion's demand.



Japan power plant shutdown raises fear of shortage in sweltering heat

Japan's electricity grid creaked on Thursday under the strain of Tokyo's hottest June since records began, with the unexpected shutdown of a power plant raising fears that tens of millions of people could be deprived of power on another scorching day.

Temperatures of around 40 Celsius (104 Fahrenheit) were expected in some parts of greater Tokyo, home to 37 million people, on the sixth day of a heatwave that began after the earliest end to the capital's rainy season in decades.

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