

MARKET UPDATE

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Oil Up on Supply Concerns after Declining During Previous Two Sessions

Oil was up on Thursday morning in Asia on supply concerns, after falling during the previous two sessions.

“Oil is getting decimated with little new information about production or consumption,” said Stephen Innes, managing partner of SPI Asset Management.

“Still, with commodity traders turning very risk-averse due to growing demand and still hawkish (U.S.) Fed policy concerns, the recessionary headline risk is like an anvil around the market’s neck.”

Oil prices have slid alongside other commodities such as metals and palm oil as global central banks hiked interest rates, which spurred fears of a recession that could dampen demand for commodities.

Asian stocks tick up as investors weigh recession risks

Asian stocks managed gradual gains on Thursday as investors grappled with the risks of a recession and a potential pause in interest rate hikes, while the euro traded at a two-year low and oil began to claw back overnight losses.

MSCI's broadest index of Asia-Pacific shares outside Japan edged up from a two-month low and had risen 1.02% by the afternoon. Japan's Nikkei closed up 1.47%.

South Korea's KOSPI index gained 1.92%, its best day in nearly two weeks, with Samsung Electronics (OTC:SSNLF) one of the biggest movers after reporting earnings guidance that suggested a rebound for its chip business.

The Australia and New Zealand dollars scraped themselves from two-year lows, gaining 0.51% and 0.54% respectively.



Spain expects its economy to continue growing in 2023

Spain's government expects the Spanish economy to continue growing next year despite the impact of rising inflation and the war in Ukraine, Finance Minister Nadia Calvino said in a radio interview on Thursday.

She said the government expects the economy to grow over 4% in the second half of 2022. The government in April lowered the official GDP growth forecast for 2022 from an estimated 7% to 4.3%.

German Industrial Output Edges Up in May Despite Deepening Energy Crisis

Germany's industrial output edged higher in May, despite a big drop in energy output as Europe's largest economy grapples with an increasingly severe supply crisis.

Output edged up 0.2% on the month, less than the 0.4% expected. However, statistics agency Destatis revised up April's figures to show a gain of 1.3% rather than the 0.6% originally reported. With the monthly baseline revised higher, the level of output was broadly in line or even a little ahead of expectations.

The figures showed the impact of a worsening crisis on energy supplies, with energy production falling by 5.8% on the month even after adjustments for seasonal effects. Consumer goods output also fell by 0.9%, indicating a further shift in spending patterns back to their pre-pandemic character. Output of capital goods, by contrast, rose 2.2% and construction output rose 0.4%.

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