

# MARKET UPDATE

**14/07/2022**

## **U.S. gasoline prices are finally falling**

After exceeding \$5 a gallon for the first time in history, U.S. gasoline prices are finally falling, giving some relief to consumers in the world's largest user of the fuel.

The average retail price for gasoline nationwide is still \$4.631, down from a record of \$5.014 a month ago but still \$1.485 higher than a year ago, according to the American Automobile Association.

Prices are on a trajectory to keep falling at least the next few weeks. Global fuel demand has been declining because of the high prices and the strong U.S. dollar making oil more expensive elsewhere. Supply remains tight, so after that point, it's uncertain whether prices will continue to fall.

## **Dollar Continues to Soar After U.S. CPI; Euro Clings to Parity**

The U.S. dollar surged higher in early European trade Thursday, continuing its seemingly relentless march higher on the back of expectations of further hefty rate hikes by the Federal Reserve after the release of the latest red-hot inflation data.

The gains followed Wednesday's release of the June U.S. CPI, which soared 9.1% year-on-year, climbing to a new four-decade high.

## **Stocks fall, dollar gains as U.S. inflation prompts 100 bps hike bets**

European shares dropped in early trading on Thursday and the safe-haven dollar was up after the latest red-hot U.S. inflation reading increased investor caution about Federal Reserve rate hikes.

Wednesday's data showed U.S. consumer prices jumped 9.1% year-on-year in June, up from May's 8.6% rise.

The data was seen as firming the case for the Federal Reserve to raise rates aggressively. Policymakers might consider a 100 basis point increase at the July meeting, Atlanta Federal Reserve Bank President Raphael Bostic said.



## Oil prices fall ahead of potential large U.S. rate hike

Oil prices fell on Thursday as investors weighed tight supplies against the prospect of a large U.S. rate hike that could stem inflation and curb crude demand.

Brent crude futures for September were down 18 cents to \$99.39 a barrel at 0727 GMT after settling below \$100 for the second straight session on Wednesday.

U.S. West Texas Intermediate crude for August delivery was at \$95.84 a barrel, down 43 cents.

Oil prices have tumbled in the past two weeks on recession concerns despite a drop in crude and refined products exports from Russia amid Western sanctions and supply disruption in Libya.

"It is all sentiment driven at the moment and that has caused most of the losses seen in oil markets over the last few weeks," said Howie Lee, an economist at Singapore's OCBC bank.

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