MARKET UPDATE

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Oil prices turn more volatile as investors exit the market

Traders and fund managers have left crude oil markets in recent months, dropping activity to a seven-year low amid the worst global energy crisis in decades as investors become unwilling to deal with persistently high volatility.

The exodus of participants, especially hedge funds and speculators, has made daily price swings far greater than in previous years, making it harder for companies to hedge against physical purchases of oil. The volatility has harmed companies that need energy market stability for their operations, which includes oil-and-gas companies, but also manufacturing and food-and-beverage industries.

Asian FX Muted Before Fed Minutes, Australian Dollar Dips below $0.7

Asian currencies moved little on Wednesday ahead of the minutes of the Federal Reserve’s latest meeting, while the Australian dollar fell the most among its peers on weaker-than-expected wages data.

China’s yuan recovered slightly from a three-month low, while Hong Kong dollar moved less than 0.1%. Most Southeast Asian currencies also marked small moves.

The U.S. dollar index fell 0.1%, while dollar index futures retreated in a similar band ahead of the Fed minutes, due later in the day. While softer-than-expected U.S. inflation readings last week had seen traders trim their bets on a sharp interest rate hike in September, markets are still wary of any more hawkish commentary in the minutes.

Uniper posts $12.2 billion net loss

Germany's Uniper, which secured a 15 billion euro bailout last month, reported a net loss of more than 12 billion euros ($12.2 billion) for the first half, partly blaming lower Russian gas supplies that forced it to buy at much higher prices elsewhere.

Uniper, in which Finland's Fortum owns 78%, said the loss included 2.7 billion euros in impairments related to the cancelled Nord Stream 2 pipeline and goodwills of its Russian business Unipro.

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As earnings support U.S. stock rebound, worries over future profits grow

Stronger-than-expected corporate earnings have helped fuel the rebound for U.S. stocks but some investors are pointing to potential risks ahead for profits that could sap the market's momentum.

With the vast majority of S&P 500 companies reported, second-quarter earnings are expected to have climbed 9.7% from a year earlier, well above the 5.6% estimated on July 1, according to Refinitiv IBES. The robust profits have supported a rally that has taken the S&P 500 up about 14% this quarter, after a brutal first half.

Some market participants are growing concerned, however, that strong corporate numbers may not last, as companies face an array of challenges, including surging inflation and changing consumer spending habits. These may make it difficult for stocks to hold their recent gains or rise further, they said.