

# MARKET UPDATE

**19/08/2022**

## **Chinese Yuan Hits near 2-Year Low as Recession Fears, Fed Risks Weigh**

China's yuan sank to a near two-year low to the dollar on Friday, as concerns over slowing growth in the country and hawkish comments from the Federal Reserve weighed on Asian currencies.

The yuan fell as much as 0.4% to 6.8144 to the dollar, its weakest level since September 2020. The fall comes in the wake of a swathe of weak economic data from the country and a dire warning on its beleaguered real estate market.

## **Asian Stocks Tread Water, Petrochina Surges on Spinoff Report**

Asian stocks moved little on Friday as hawkish comments from the Federal Reserve weighed on risk appetite, while Petrochina surged on a report that it intends to spin off its marketing business.

Most Asian bourses moved less than 0.5% in either direction after hawkish overnight comments from several Fed members suggested that the central bank intended to keep raising rates at a sharp clip.

## **Dollar hits 1-month high as Fed officials talk up rate hikes**

The U.S. dollar climbed to a fresh one-month high against major peers on Friday as Federal Reserve officials continued to talk up the need for further interest rate hikes ahead of their key Jackson Hole symposium.

The dollar index rose 0.14% to 107.63, after earlier touching 107.72, its highest since July 18. The gauge is on track for a 1.86% rally this week, which would be its best weekly performance since June 12.

The greenback rose to 136.38 yen, its highest since July 28 and on track for a 1.99% weekly rise, its best showing since June 10.



## Gold Prices See Weekly Losses as Fed Rate Risks Rise

Gold prices fell slightly on Friday, and were set to end the week lower as hawkish signals from the U.S. Federal Reserve on the path of U.S. interest rates drove up the dollar.

Spot gold fell 0.1% to \$1,756.59 an ounce by 23:03 ET (03:03 GMT), while gold futures dipped by a similar amount to \$1,769.70. Both instruments were set to lose about 2.6% this week, having fallen for all five sessions.

The dollar index was boosted by comments from Federal Reserve officials that the bank would stick to a sharp pace of rate hikes this year to bring down runaway inflation. St. Louis Fed President James Bullard on Thursday said he currently supports a third consecutive 75 basis point (bps) rate hike in September.

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