

MARKET UPDATE

22/08/2022

Chinese Yuan Hits Near 2-Yr Low, Asia FX Hit by Fed Jitters

The Chinese yuan sank to a near two-year low on Monday after the People's Bank cut lending rates for the second time in two weeks, while most other Asian currencies fell amid growing uncertainty over the Federal Reserve's plans for monetary policy.

The yuan fell 0.1% to 6.8273 to the dollar, its weakest level since September 2020, after the People's Bank of China (PBoC) lowered its benchmark rates for a second consecutive week. The move comes as the bank struggles to stimulate the economy amid headwinds from COVID lockdowns, a debt-saddled property market, and a brewing energy crisis.

Oil slumps on fears over economic slowdown, stronger dollar

Oil prices slumped on Monday, ending three days of gains, as investors were concerned aggressive U.S. interest rate hikes will weaken the global economy and dent fuel demand while a strengthening dollar also added to pressure.

Both Brent and WTI climbed for a third straight day on Friday, but fell about 1.5% for the week on a stronger dollar and demand fears.

Prices also fell on worries over slowing fuel demand in China, the world's largest oil importer, because of a power crunch in the southwest caused by a heatwave.

Hurtling towards recession

A look at the day ahead in European and global markets from Anshuman Daga

After the latest data confirmed fears about a runaway rise in euro zone consumer prices, will business activity spring a double whammy?

While European Central Bank board member Isabel Schnabel did not rule out a technical recession in the 19-country block in a Reuters interview last week, euro zone flash PMIs will be watched closely this week for recession risks



Dollar hits 5-week high on hawkish Fed, euro slips on gas woes

The U.S. dollar hit a fresh five-week high versus major peers on Monday after more Federal Reserve officials flagged the likelihood of continued aggressive monetary tightening ahead of the central bank's key Jackson Hole symposium this week.

The euro sank to a new five-week trough after Russia announced a three-day halt to European gas supplies via the Nord Stream 1 pipeline at the end of this month, exacerbating the region's energy crisis.

China's yuan dropped to its lowest in nearly two years after the central bank cut key lending rates, adding to a string of monetary easing measures aimed at shoring up an economy reeling from COVID-19 clampdowns and a property crisis.

Important Note: The information found on Ausprime platform is intended only to be informative, is not advice nor a recommendation, nor research, or a record of our trading prices, or an offer of, or solicitation for a transaction in any financial instrument and thus should not be treated as such. The information provided does not include any specific investment objectives, financial situation and needs of any specific person who may receive it. The past performance is not a reliable indicator of future performance and/or results. Past Performance or Forward-looking scenarios are not a guarantee of future performance. Actual results may differ materially from those anticipated in forward-looking or past performance statement

