

# MARKET UPDATE

05/09/2022

## Chinese Yuan Hits 2-Yr Low on Renewed COVID Fears

The Chinese yuan sank to a two-year low on Monday after the country introduced new COVID-19 restrictions in Chengdu, while mixed service sector activity and broader strength in the dollar also weighed.

The yuan fell 0.6% to as low as 6.9390 against the dollar, its weakest level since August 2020.

The government extended a lockdown in Chengdu, following a series of COVID outbreaks in the city. With movement curbs also continuing in Shenzhen, traders grew concerned over more disruptions to economic activity.

## European Gas Prices Leap at Open after Russia Shuts Nord Stream Pipeline

European natural gas futures leaped at the opening on Monday, after Russian gas monopoly Gazprom (MCX:GAZP) shut down the Nord Stream pipeline to Germany, raising fears of a total shutdown of Russian supplies over the winter.

The front-month Dutch TTF contract, which serves as a benchmark for northwest Europe, leaped as much as 31% before retracing a little to trade at 265 euros a megawatt-hour by 02:15 ET (06:15 GMT). That's a gain of 23.5% from Friday's close.

Gazprom's action was the second in a major escalation in the economic struggle sparked by Russia's invasion of Ukraine.

## Euro hits 20-year low on Russian gas halt

The euro fell below 99 cents for the first time in nearly two decades, while sterling was on the ropes on Monday as Russia's halt on gas supply down its main pipeline to Europe sparked concerns over energy prices and growth.

The euro slid to \$0.9880 in Asia trade, the lowest level since 2002, while sterling hit a new 2-1/2-year low at \$1.14445, and remained close to its pandemic trough.



## Oil prices climb more than \$1/bbl ahead of OPEC+ meeting

Oil prices jumped over \$1 a barrel on Monday, extending gains as investors eyed possible moves by OPEC+ producers to cut output and support prices at a meeting later in the day.

Brent crude futures rose \$1.88, or 2%, to \$94.90 a barrel by 0345 GMT after gaining 0.7% on Friday. U.S. West Texas Intermediate crude was at \$88.60 a barrel, up \$1.73, or 2%, following a 0.3% advance in the previous session.

U.S. markets are closed for a public holiday on Monday.

At their meeting later on Monday, the Organization of the Petroleum Exporting Countries (OPEC) and its allies, a group known as OPEC+, may decide to keep current output levels or even cut production to bolster prices, despite supplies remaining tight.

"OPEC+ will most likely keep output tight enough to retain the oil price amid demand disruptions that were sparked by the renewed lockdowns in some parts of China," said Tina Teng, an analyst at CMC Markets.

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