

# MARKET UPDATE

06/09/2022

## Oil prices ease on symbolic OPEC+ output cut

Oil prices inched lower on Tuesday, paring gains from the previous session, as an OPEC+ deal to cut output by 100,000 barrels per day in October was seen as a largely symbolic move to bolster prices after the market's recent slide.

Brent crude futures had fallen 81 cents, or 0.9%, to \$94.93 a barrel by 0354 GMT.

U.S. West Texas Intermediate (WTI) crude futures inched up from Monday to \$88.57 a barrel, and were \$1.70 higher, or 2.0%, than Friday's close. There was no settlement on Monday, the U.S. Labour Day holiday.

## Chinese Yuan Flat After Reserve Ratio Cut, Australian Rate Hike in Focus

China's yuan curbed recent losses on Tuesday after the People's Bank attempted to boost liquidity in the country, while the Australian dollar rose slightly ahead of a broadly expected interest rate hike by the country.

The yuan traded flat around two-year lows of 6.9315, after falling substantially in recent sessions. The currency has been hit particularly hard by slowing economic growth in China, as well as broad strength in the U.S. dollar.

The People's Bank of China (PBoC) said on Monday that it will cut the amount of foreign exchange reserves needed to be held by financial institutions- a move that is likely aimed at supporting the yuan.

## Australia's central bank hikes by 50 bps, signals more ahead

Australia's central bank raised its cash rate 50 basis points to 2.35% on Tuesday and left the door open for more tightening ahead as it seeks to restrain surging inflation.

Wrapping up its September policy meeting, the Reserve Bank of Australia (RBA) did drop a reference to "normalising" policy suggesting rates were now closer to neutral.

The fifth hike since May had been widely expected and had little impact on the local dollar at \$0.6808. [AU/INT]Growth,



## Dollar pauses broad rally, bulls still hold sway

The dollar took a breather on Tuesday after a sweeping rally, easing slightly from milestone highs on the euro, yen and sterling, but not too far as recession stalks Europe, and U.S. interest rates are poised for sharp rises.

The euro was up 0.3% to \$0.99545 in Asia trade after it hit a two-decade low of \$0.9876 on Monday as the prospects for a winter without Russian gas sunk in.

Overnight trade was thinned by a holiday in the United States and on Tuesday the highlight of the Asia session will be a central bank meeting in Australia, where markets have priced about a 64% chance of a 50 basis point rate hike.

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