

MARKET UPDATE

13/09/2022

Asia FX Tepid, Dollar Steadies Ahead of U.S. CPI Inflation

Most Asian currencies moved little on Tuesday, while the U.S. dollar curbed a recent losing streak as markets turned cautious ahead of hotly anticipated U.S. inflation data later in the day.

Regional units such as the Chinese yuan, Hong Kong dollar, and South Korean won barely budged against the dollar in anticipation of the data.

The greenback on the other hand appeared to have stabilized after five straight days of losses. The dollar index fell 0.1%, while dollar index futures lost a similar amount. Both indicators lost about 2% each in the past five sessions, as they retreated from a 20-year peak hit last week.

Oil Slips on Demand Jitters Ahead of U.S. CPI, OPEC Report

Oil prices fell in choppy trade on Tuesday as traders feared more headwinds to demand from COVID lockdowns in China, with focus now turning to the OPEC's monthly outlook report due later in the day.

A series of COVID lockdowns in China, the world's largest crude importer, have spurred a severe decline in oil imports to the country this year, threatening to turn Chinese oil demand negative.

The latest sign of trouble came as travel restrictions in several regions disrupted China's Autumn festival celebrations, which usually spur a spike in road travel.

London-traded Brent oil futures sank 1.3% to \$92.98 a barrel, while U.S. West Texas Intermediate Futures fell nearly 1% to \$86.91 a barrel by 21:55 ET (01:55 GMT). Brent futures were also set to snap a three-day gaining streak.

Crude prices marked a strong recovery from seven-month lows hit last week, as traders bet that further tightening of supply by Russia, coupled with a European energy crisis, will boost prices later in the year.



U.K. Job Growth Slows Again, Even as Unemployment Rate Falls

Employment growth in the U.K. slowed sharply in the three months through July, as the labor pool dried out amid the summer's heatwaves and the after-effects of the pandemic.

The Office for National Statistics said only 40,000 net jobs were created in the period, down from 160,000 in the three months through June, and well below analysts' forecasts for 128,000.

Even so, the jobless rate fell to 3.6% of the population, its lowest in nearly 50 years, because of the number of people leaving the workforce altogether. The economic inactivity rate rose by 0.4% to 21.7%, largely driven by those aged 16 to 24 years and those aged 50 to 64 years. For the elder bracket, the increase was due largely to long-term sickness, the ONS said.

The number of those claiming unemployment benefits also rose last month, the ONS said, by 6,300. That was also considerably worse than July's drop of 14,500 and worse than expectations for another drop of 13,200.

Meanwhile, the lack of spare labor allowed those in work to continue to press for higher wages. Average earnings growth excluding bonuses accelerated to 5.2% from 4.7%. Including bonuses, average earnings in the year through July were up 5.5%, up from 5.2% through June.

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