

MARKET UPDATE

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Gas prices lift Norway's August trade surplus to record

Norway's trade surplus rose to a record 197.7 billion Norwegian crowns (\$19.54 billion) in August, boosted by soaring prices for its gas exports to Europe, national statistics agency data showed on Thursday.

With a daily output of around 4 million barrels of oil equivalent, almost equally divided between oil and gas, Norway has been a winner from the spike in global energy prices.

The country's exports totalled 287.8 billion crowns last month, of which 61% came from natural gas, the data showed.

South African Reserve Bank to hike rate 75 bps to 6.25% on Sept. 22

South Africa's central bank will raise its key interest rate by 75 basis points next week to brake inflation, a Reuters poll found, adding another 25 basis points in each of the following two quarters before pausing for the rest of 2023.

A majority of economists in a Sept. 7-14 poll, 12 of 20, predicted another 75 basis points to 6.25% at its Sept. 22 meeting following a similar move in July. The remaining eight expected a smaller half-point move.

The South African Reserve Bank has raised its main lending rate by 200 basis points so far in this cycle.

"We still expect the SARB to keep its foot firmly on the hiking pedal," said Jeffrey Schultz at BNP Paribas (OTC:BNPQY), who like the majority expects a 75 basis point move, adding: "evidence of broader price pressures should yield another hawkish statement."

Thereafter, the SARB is due to raise another 25 basis points in November and either January or March before pausing at 6.75% for the remainder of next year, marking a peak in the cycle, according to the poll.

Schultz expects a higher peak of 7.00% in January 2023, with the risk of higher rather than lower rates into next year if core inflationary pressures prove more problematic.



Asian Stocks Steady, China Slips as PBoC Pauses Monetary Easing

Asian stocks steadied from recent losses on Thursday, while Chinese indexes fell after the People's Bank paused its monetary easing measures amid increased pressure from a hawkish U.S. Federal Reserve.

China's Shanghai Shenzhen CSI 300 index fell 0.7%, while the Shanghai Composite index fell 1%. The People's Bank of China (PBoC) maintained its medium-term policy rate on Thursday after steadily lowering lending rates earlier this year. The move was likely driven by increased depreciation in the yuan, which plummeted to two-year lows in recent weeks.

Today's move indicates that the PBoC is looking to find a balance between shoring up economic growth and allowing further depreciation in the yuan, which is also facing headwinds from rising U.S. interest rates.

China's government rolled out a slew of stimulus measures this year to support the economy, which was severely damaged by COVID-related lockdowns. These measures also benefited local stock markets, albeit briefly.

Chinese property stocks rallied on Thursday amid reports that the government will roll out more relief for the beleaguered sector. This also benefited Hong Kong's Hang Seng index, which rose 0.2%.

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