

MARKET UPDATE

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Asia FX Muted, Dollar Steadies Ahead of Fed Meeting

Asian currencies moved little on Tuesday, while the U.S. dollar steadied near 20-year highs as focus turned to an upcoming interest rate hike by the Federal Reserve.

Regional currencies barely budged more than 0.2% in either direction, with traders wary of making big bets ahead of the Fed decision. Rising U.S. interest rates are expected to keep weighing on Asian currencies for the remainder of the year.

The dollar index fell 0.2% on Tuesday, while dollar index futures also shed 0.2%. But both indicators remained pinned just below 20-year highs, boosted by expectations that the Fed will raise rates by at least 75 basis points (bps).

Traders are also pricing in the possibility of a bigger, 100 bps raise after hotter-than-expected U.S. inflation data last week. This week's rate hike will bring U.S. rates closer to peaks last seen before the 2008 financial crisis.

European shares open higher on boost from banks

European shares rose at the open on Tuesday as banks gained, with investors geared up for the U.S. Federal Reserve's two-day policy meeting.

The pan-European STOXX 600 index advanced 0.8%, after a soft start to the week.

European banks climbed 1.6% as lenders tend to benefit from a high interest rate environment, with most sector indexes higher by 0711 GMT.

The U.S. central bank will likely deliver its third straight 75 basis-point-interest-rate hike on Wednesday, toughening its stance on persistent inflation.

Shares of Bachem Holding soared 13.4%, to the top of the STOXX index, after the Swiss biotech supplier signed two new contracts for peptides.



Cryptoverse: After Merge, ether heads for a \$20 billion Shanghai splurge

The Merge came, saw and conquered. Not that you'd guess from crypto prices.

The Ethereum blockchain's mega-upgrade finally went live on Sept. 15, moving it to a less energy-intensive "proof of stake" (PoS) system with hardly a hiccup.

Even though anticipation of the event had seen ether rise about 85% from its June doldrums, it has since sunk 19%, hit along with bitcoin and other risky assets by investor angst over inflation and central-bank policy.

Nonetheless, many market players are bullish about the long-term prospects of Ethereum and its native cryptocurrency.

"Previously, we have talked to sovereign wealth funds and central banks to help build their digital asset allocations... but direct investment has been voted down due to energy concerns," said Markus Thielen, chief investment officer at asset manager IDEG Limited.

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