MARKET UPDATE

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Oil prices edge down, recession fears back in focus

Oil prices fell on Friday amid recession fears and a stronger U.S. dollar, though losses were capped by supply concerns after Moscow's new mobilisation campaign in its war with Ukraine and an apparent deadlock in talks on reviving the Iran nuclear deal.

Brent crude futures fell 46 cents, or 0.5%, to $90.00 per barrel at 0630 GMT, while U.S. West Texas Intermediate (WTI) crude futures were also down 46 cents, or 0.55%, to $83.03.

Front-month Brent and WTI contracts were down 1.4% and 2.4%, respectively, for the week so far.

"In the wake of accelerating rate hikes by the major central banks, the risk of a global economic recession overshadows supply issues in the oil markets, despite the recent escalation in the Russia-Ukraine war," said CMC Markets analyst Tina Teng.

Spain Q2 quarterly GDP growth revised to 1.5% from 1.1%

Spanish GDP grew faster in the second quarter than originally estimated, compared with the prior quarter, reflecting a healthy Easter rebound from the winter months and a more robust export rise, data from the National Statistics Institute showed on Friday.

INE upgraded quarterly growth in the period to 1.5% from an original 1.1% while the year-on-year growth figure was revised to 6.8% from 6.3%, after it recalculated the GDP historical series in 2020 and 2021.

INE also revised down first quarter data to a 0.2% quarterly contraction from 0.2% growth, although annual growth was revised upward to 6.7% from 6.3%.

Economy Minister Nadia Calvino attributed the first quarter contraction to "the impact of the pandemic, transport walkouts and the start of Russia's war in Ukraine".

The strong upward revision makes it likelier for economic growth to reach the government's 4.3% target for the full year, despite high inflation - above 10% - and signs of an economic slowdown that started to emerge after the summer.

German 10-Year Bond Yield Hits 2% for 1st Time Since 2013 as Euro Falls Further

The euro hit a new 20-year low and German benchmark 10-year bond yields touched 2% for the first time since 2013 as fears of recession and higher interest weighed ever more heavily on sentiment toward Eurozone assets.

The euro fell as low as $0.9772, while the 10-year Bund yield consolidated around 1.95% after trading as high as 2.01%.

Sentiment has slumped again this week in the wake of the U.S. Federal Reserve's guidance that it will continue to raise interest rates into next year, raising the pressure on other central banks to either do the same or risk a rapid depreciation of their currencies.

The German central bank had warned earlier in the week that the signs of Europe's largest economy falling into recession were multiplying rapidly, while European Central Bank Isabel Schnabel told T-Online in an interview published on Thursday that Germany is likely to be hit harder than the rest of the Eurozone by the shortage of Russian natural gas this winter.