MARKET UPDATE

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Oil prices claw back some losses as focus turns to possible supply cuts

Asian currencies tumbled on Thursday, plumbing milestone lows as a Federal Reserve and fears of an escalating Russia-Ukraine conflict pushed traders toward the dollar.

The Japanese yen was among the worst performers for the day, losing 0.6% and hitting a 24-year low of over 145 to the dollar. The Bank of Japan also held interest rates at ultra-low rates and Oil prices rose on Tuesday, after plunging to nine-month lows a day earlier, on indications that producer alliance OPEC+ may enact output cuts to avoid a further collapse in prices.

Brent crude futures for November settlement rose 65 cents, or 0.77%, to $84.71 per barrel by 0502 GMT. U.S. West Texas Intermediate (WTI) crude futures for November delivery were up 64 cents at $77.35 per barrel.

In the previous two trading sessions, Brent plunged 7.1% while WTI slumped 8.1% under the dual pressure of a surging dollar that makes greenback-denominated crude more expensive for buyer using other currencies and mounting concerns that rising interest rates will trigger a recession that will curtail fuel demand.

Chinese Yuan Falls, Asia FX Curbs Losses as Dollar Rally Pauses

Most Asian currencies rose slightly on Tuesday as the dollar paused its rally below 20-year highs, while the Chinese yuan fell to a new two-year low on more signs of economic weakness in the country.

The Japanese yen and Indian rupee strengthened 0.3% each, while the Singapore dollar rose 0.2%. In the Asia-Pacific region, the New Zealand dollar was the best performer with a 0.7% jump after Central Bank Governor Adrian Orr said the bank is likely to tighten monetary policy further this year.

Asian markets stabilized as the dollar retreated from a 20-year peak after rallying strongly for the past seven sessions. The dollar index fell 0.4% to 113.71, while dollar index futures shed 0.3%.

Weakness in the dollar also allowed currencies outside Asia to recover. The British pound jumped 0.9% from a record low, while the euro added 0.4%, recovering from a 22-year low.

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Asian Stocks Steady after Steep Losses, Chinese Markets Gain

Most Asian stock markets steadied on Tuesday after a series of steep losses on growing fears of a looming recession, while Chinese markets recovered on expectations of more stimulus measures by the government.

Regional markets took some relief as the dollar paused its seven-day rally and fell from 20-year highs. U.S. Treasury yields also appeared to have paused their ascent.

China's bluechip Shanghai Shenzhen CSI 300 index rose 0.7%, while the Shanghai Composite index gained 0.8%. Major bank stocks rose after the People's Bank of China injected about $24.7 billion of liquidity into the sector via repo market operations.

Chinese Central Bank Injects $24.7 Bln of Liquidity via Repo Markets

The People's Bank of China injected a total of 175 billion yuan ($24.7 billion) into the banking system on Tuesday through reverse repo operations, in a bid to maintain liquidity in the system.

The amount consisted of 113 billion yuan of seven-day reverse repos at an interest rate of 2%, state-run media house Xinhua said in a report. The operation also consisted of 62 billion yuan of 14-day reverse repos at an interest rate of 2.15%.

A reverse repo, or reverse repurchase agreement, is a process through which the central bank purchases securities from commercial banks to maintain their liquidity levels. The central bank also agrees to sell them back the securities at a future date.

The PBoC said the move was intended to keep liquidity stable in the banking sector at the end of a turbulent third quarter. The move is also among the larger liquidity injections by the PBoC as it moves to shore up slowing economic growth in the country.