MARKET UPDATE

28/09/2022

Oil Rebound Stalls as Recession Fears Outweigh Supply Crunch

A rebound in oil prices appeared to be running out of fuel on Wednesday as fears of slowing short-term demand offset a potential supply shortage stemming from OPEC production cuts and a hurricane in the Gulf of Mexico.

Prices remained close to eight-month lows, as rising interest rates and growing fears of an economic slowdown dented expectations of short-term demand.

London-traded Brent oil futures rose 0.1% to $84.46 a barrel, while U.S. West Texas Intermediate futures fell 0.5% to $78.15 a barrel by 21:19 ET (01:19 GMT). Both contracts rallied nearly 2% each on Tuesday.

Concerns over slowing demand came back into play after data from the American Institute of Petroleum showed U.S. crude stockpiles rose by much more than expected last week, up 4 million barrels as compared to expectations of 333,000 barrels.

European stock index futures fall on mounting recession worries

European stock index futures fell on Wednesday, in line with a sell-off in Asian markets, as a relentless surge in global bond yields and an intensifying energy crisis in the region fuelled worries about a recession.

The EURO STOXX 50 index futures fell 0.7%, as of 0614 GMT, while Germany's DAX futures lost 0.9%, taking cues from Wall Street which sank deeper into a bear market overnight. [.N]

The benchmark 10-year U.S. Treasury yields topped 4% on Wednesday, their highest in 12 years, and the dollar resumed its climb, as markets feared the Federal Reserve might have to take rates past 4.5% in its crusade against inflation.

London's FTSE 100 index futures dipped 0.8% after Moody's (NYSE:MCO) warned that unfunded UK tax cuts would be "negative" for the country's credit standing, deepening a sell-off in gilts.

+357 25 752 420 +357 25 752 450 info@ausprime.eu
Spyrou Kyprianou 41 Avenue, Steratzias Court 2, 1st floor, Flat 103, 4003, Mesa Geitonia, Limassol

Dollar sweeps to 20-year high, sterling on the ropes again

Nervous financial markets propelled the safe-haven dollar to a fresh two-decade peak on Wednesday as rising global interest rates fed recession worries, while sterling languished near all-time lows on fears over Britain's radical tax cut plans.

The U.S. dollar index against a basket of major currencies rose about 0.5% to hit a new high of 114.70 in Asia trade.

The relentless upward march of the dollar came as benchmark U.S. 10-year Treasury yields rose to 4% for the first time since 2010, topping at 4.004%. The two-year yields stood at 4.2891%. [US/]

"It's a combination of the spill over from the UK... where the gilt yields have gone ballistic. And that has spilled over into other DM bond markets, so there's a bit of a ricochet effect," said Moh Siong Sim, a currency strategist at Bank of Singapore.

"And of course ... this is against the backdrop of a very determined message by the Fed to do whatever it takes to bring inflation down.

AUSPRIME is a Tradename
of AC Markets (Europe) Limited which is registered in Cyprus, authorized and regulated by the Cyprus Securities and Exchange Commission (CySEC) under the license number 350/17

+357 25 752 420 +357 25 752 450 info@ausprime.eu
Spyrou Kyprianou 41 Avenue, Steratzias Court 2, 1st floor, Flat 103, 4003, Mesa Geitonia, Limassol