# MARKET UPDATE

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## Oil Rises as OPEC+ Members Voice Support for Supply Cut

Oil prices rose on Monday, recovering some of last week's losses as more OPEC+ members expressed support for a recent production cut of over 2 million barrels per day, despite increased opposition from the United States.

Several members of the Organization of Petroleum Exporting Countries and its allies, including Saudi Arabia, the United Arab Emirates, Iraq, and Kuwait expressed support for the production cut over the weekend, expressing a joint need to stabilize oil prices amid headwinds from slowing economic growth.

London traded Brent oil futures rose 1.1% to $92.47 a barrel, while U.S. West Texas Intermediate futures rose 0.9% to $85.37 a barrel by 20:46 ET (00:46 GMT). Both contracts recovered from a 7% loss last week, which was spurred by a strengthening dollar and a bigger-than-expected inventory increase in the United States.

## Asia Stocks Sink as China Chip Woes Worsen

Asian stocks fell on Monday as concerns over U.S. curbs on Chinese semiconductor imports were worsened by a report that Apple (NASDAQ:AAPL) was planning to drop Chinese chips, while fears of sharp interest rate hikes by the Federal Reserve also weighed.

China's blue chip Shanghai Shenzhen CSI 300 index fell 0.4%, while the Shanghai Composite index lost 0.1%. Japanese financial daily Nikkei reported on Monday that iPhone maker Apple Inc has paused plans to use memory chips from China's Yangtze Memory Technologies in its products.

The report comes just a week after the White House unveiled tighter restrictions on chip supplies to China, as it moves to apply more economic pressure on Beijing by stifling its chipmaking ambitions.

Chinese tech stocks fell severely last week on concerns over the economic implications of the move, as well as fears that Beijing could retaliate with its own sanctions, further damaging global trade.



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# Surging dollar tests China's capital controls as cash flees

Cash is leaving China's financial markets at the fastest clip in years as investors flee a falling currency and sputtering economy, and analysts point to hints that more money is being moved out of the country along back channels in a further sign of flagging confidence.

The flows, mostly out of the bond market, reflect the attraction of higher interest rates elsewhere.

But their size and signs that they are spreading beyond foreigners' portfolios highlights fragility in domestic confidence - a potential drag on the yuan in future - and the magnetic effect of a rising U.S. dollar on global capital flows.

"Everyone is suffering from the storm of U.S. interest rate rises," said wealth manager Liu Yuan. "U.S. dollar assets are in the eye of the storm. It's a haven of breeze and sunshine (while) life is hard on the periphery."

Officially, China's national financial accounts, which cover stock and bond markets and direct investment flows, show a net $101 billion was pulled out over the six months to June, putting 2022 on track to record the largest annual such outflows since 2016.