

MARKET UPDATE

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Crypto industry disappointed as Australia looks to enshrine tax rules

The cryptocurrency industry said on Wednesday it was disappointed with Australia's decision to continue treating digital currencies as assets for tax purposes, and not as foreign currency.

The government said in its budget announcement on Tuesday it would introduce legislation to enshrine the treatment of digital currencies such as Bitcoin as an asset.

This means investors would pay capital gains tax on profit from selling crypto assets through exchanges and when they trade digital assets.

The legislation removes uncertainty following the decision by El Salvador to adopt Bitcoin as legal tender in September last year, the Australian government said in its budget announcement.

Australia said, however, government-issued digital currency, or central bank digital currency (CBDC), would be treated as foreign currency.

Singapore central bank proposes measures on crypto trading, stablecoin

Singapore's central bank has put forward proposals for new regulatory measures on cryptocurrency trading and stable coins, in a bid to reduce the risk of consumer harm from the volatility of the industry.

The measures published in two consultation papers on Wednesday include not allowing businesses to lend out cryptocurrencies owned by retail customers, and to ensure customer assets are segregated from their own assets.

Cryptocurrency trading businesses would also not be allowed to offer incentives to attract retail customers, nor accept credit card payments or provide financing to retail customers.

The Monetary Authority of Singapore (MAS) has said it discourages the public from speculative trading in cryptocurrencies and has already brought in restrictions on advertising of cryptocurrency services in public places.



Dollar sags as bets build for less hawkish Fed, Aussie firms after CPI

The dollar wallowed near a three-week low versus major peers on Wednesday as more signs of economic weakness in the United States fanned speculation about a less hawkish Federal Reserve.

The Australian dollar strengthened to just shy of the previous session's 2 1/2-week high as hotter-than-expected inflation data put pressure on the Reserve Bank ahead of a rate decision next week.

Sterling hung close to the six-week peak reached on Tuesday after new British Prime Minister Rishi Sunak pledged to lead the country out of an economic crisis, and stuck with Jeremy Hunt as finance minister.

The euro also remained near a six-week high, trading less than half a cent from parity with the greenback. The European Central Bank decides policy on Thursday and is widely expected to raise rates by 75 basis points.

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