

MARKET UPDATE

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Oil Prices Trim Losses as OPEC Hikes Demand Forecast

Oil prices trimmed recent losses on Tuesday after the OPEC raised its medium to long term demand forecasts and said it stood ready to help stabilize prices if markets required it.

Still, crude prices remained under pressure from concerns over new COVID headwinds in major importer China. Traders also held off from making large bets ahead of a series of major central bank decisions this week.

The Organization of Petroleum Exporting Countries (OPEC) said in its 2022 World Oil Outlook that demand will be higher than initially expected in the medium to long term, and will likely plateau by only 2045. The view contrasts a broader consensus that global oil demand will plateau by 2030 amid a transition away from fossil fuels.

Asia FX Muted as C.Bank Meetings Loom, AUD Upbeat on Rate Hike

Most Asian currencies moved little on Tuesday as markets hunkered down ahead of several major central bank meetings this week, while the Australian dollar rose after the Reserve Bank raised interest rates.

The Australian dollar rose 0.4% in choppy trade as the RBA raised interest rates by an as-expected 25 basis points (bps). But the central bank also forecast higher inflation and slowing economic growth for the year, as it struggles to maintain a balance between battling inflation and preventing rate hikes from denting the economy.

Broader Asian currencies moved little as markets awaited interest rate decisions from the Federal Reserve and the Bank of England this week. Both central banks are expected to raise interest rates by 75 bps each.

But traders will also be watching for any cues from the Fed on when it plans to soften its hawkish stance. Asian currencies were buoyed by recent expectations that the Fed will ease its pace of rate hikes to 50 bps in December.



Cryptoverse: Bitcoin wants to break its bond with stocks

After months of tears and tantrums, bitcoin wants to split up with stock markets.

The cryptocurrency, which has been closely correlated with tech stocks for much of its torrid 2022, is staging one of its strongest efforts yet to break away.

Its 30-day correlation with the Nasdaq slid to 0.26 last week, its level lowest since early January, where a measure of 1 indicates the two assets are moving in lock step.

The correlation, which shows the degree to which the two move in sync with each other over a 30-day period, has hovered above 0.75 for much of the year and at times has approached perfect unison - at 0.96 and 0.93 in May and September.

For some crypto backers, any bitcoin break-up from Big Tech is a sign of strength.

"The latter's growth has been somewhat tapped out, and investors are looking for the next growth industry. Bitcoin and crypto is one of those 'next' growth industries," said Santiago Portela, CEO of FITCHIN, a Web3 gaming ecosystem.

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