

MARKET UPDATE

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Oil rises on dovish CPI, but recession fears spell weekly losses

Oil prices rose on Friday after softer-than-expected U.S. inflation data ramped up hopes of smaller interest rate hikes by the Federal Reserve, although concerns over slowing economic growth and a COVID spike in China still saw crude trade negative for the week.

Crude markets tracked a broader rally in risk-driven assets after U.S. CPI inflation slowed more than expected in October, showing that a series of sharp interest rate hikes by the Fed this year were bearing fruit.

The data saw investors nearly unanimously agreeing that the central bank will raise interest rates at a slower clip in the coming months, taking some pressure off the economy. The move also dented the dollar, which is beneficial to oil prices.

FTX scrambles for funds as regulators take action

Regulators froze some assets of distressed cryptocurrency exchange FTX and industry peers raced to limit losses on Friday amid worsening solvency problems at the firm and heightened scrutiny of its chief executive, Sam Bankman-Fried.

The week-long saga that began with a run on FTX, one of the largest crypto exchanges, and a failed takeover deal by arch-rival Binance has slammed an already struggling bitcoin and other tokens.

FTX is scrambling to raise about \$9.4 billion from investors and rivals, a source said on Thursday, as the exchange urgently seeks to save itself after a rush of customer withdrawals.

The troubles seemed to multiply for FTX. The Securities Commission Of the Bahamas said on Thursday it had frozen assets of FTX Digital Markets, an FTX subsidiary. Bankman-Fried is also under investigation by the U.S. Securities and Exchange Commission for potential securities law violations, according to an unverified Bloomberg reporter tweet.



Dollar continues to retreat after CPI, Sterling edges higher post GDP

The U.S. dollar weakened in early European trade Friday, continuing the previous session's selloff after U.S. inflation eased more than expected, while sterling edged higher after a small third-quarter growth contraction.

At 02:50 ET (07:50 GMT), the Dollar Index, which tracks the greenback against a basket of six other currencies, traded 0.5% lower at 107.50, dropping to the lowest levels since mid-September after losses of more than 2% in the prior session.

This bout of dollar weakness has stemmed from Thursday's data showing U.S. CPI inflation grew 7.7% in October, its slowest pace in nine months, suggesting the series of sharp interest rate hikes by the Federal Reserve this year were finally having their desired effect.

This raised expectations that the Fed policymakers may decide to temper the central bank's aggressive monetary tightening campaign earlier than previously anticipated, potentially hiking by only 50 basis points in December instead of another 75 bps increase.

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