MARKET UPDATE

16/11/2022

Asia FX slumps, dollar steadies as Poland strike sours sentiment

Most Asian currencies sank on Wednesday as a potential Russian missile strike on Poland drove investors away from risk-driven assets, while the dollar steadied from recent losses as investors sought safe haven in the greenback.

The dollar index and dollar index futures both steadied around 106.58, recovering from mild losses in the prior session, while gold also saw increased bids.

Wednesday's gains saw the dollar brush off data that showed U.S. producer inflation at a 14-month low. The reading gave further credence to bets that inflation has likely peaked in the country, which is expected to elicit a less hawkish stance by the Federal Reserve.

Several Fed members also called for smaller rate hikes, while bets that the Fed will enact a smaller, 50 basis point hike in December grew sharply this week.

While this scenario is positive for Asian currencies in the near-term, sentiment was battered on Wednesday as a missile of Russian make killed two people in eastern Poland.

Dollar rally fizzles as traders reassess risks from Poland

The safe-haven U.S. dollar's early gains fizzled following volatile trading on Wednesday as traders took comfort from U.S. President Joe Biden's remarks that a missile that caused an explosion in Poland may not have been fired from Russia.

NATO-member Poland and Ukraine say the blast that killed two in a town close to their border was caused by a Russian-made rocket, raising concerns of an escalation in the war. However, Biden said the weapon was probably not fired by Russia, although the investigation was ongoing.

According to U.S. officials, initial findings suggested that the missile that hit Poland had been fired by Ukrainian forces at an incoming Russian missile, the Associated Press said." The market was too optimistic. The virus will spread faster in winter and the rapid growth of cases makes it impossible for the Chinese government to adjust the zero-COVID policy," said Leon Li, a Shanghai-based analyst at CMC Markets.

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FTX's Bankman-Fried begged for a rescue even as he revealed huge holes in firm's books

As customers withdrew billions of dollars from crypto exchange FTX one frantic Sunday this month, founder Sam Bankman-Fried worked the phones in a futile bid to raise $7 billion in emergency funds.

Hunkered in his Bahamas apartment, Bankman-Fried toiled through the night, calling some of the world's biggest investors, including Sequoia Capital, Apollo Global Management (NYSE:APO) Inc and TPG Inc, according to three people with knowledge of the matter.

Sequoia was among investors that lined up only months before to pump money into Bankman-Fried's empire. But not now. Sequoia was shocked at the amount of money Bankman-Fried needed to save FTX, according to the sources, while Apollo first asked for more information, only to later decline. Both firms and TPG declined to comment for this article. The central bank declined to comment for this article, but senior officials and President Tayyip Erdogan have regularly praised the new regulations.

In the end, the calls came to naught and FTX filed for bankruptcy on Nov. 11, leaving an estimated 1 million customers and other investors facing total losses in the billions of dollars. The collapse reverberated across the crypto world and sent bitcoin and other digital assets plummeting.

Some details of what happened at FTX have already emerged: Reuters reported Bankman-Fried secretly used $10 billion in customer funds to prop up his trading business, for instance, and that at least $1 billion of those deposits had vanished.