

MARKET UPDATE

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Oil prices steady as China demand concerns offset drop in U.S. crude stocks

Oil prices were steady on Wednesday as concerns about lower fuel demand from China amid tightening COVID-19 curbs offset data showing a larger-than-expected U.S. crude draw last week.

Brent crude futures dropped 15 cents, or 0.2%, to \$88.21 a barrel at 0508 GMT, while U.S. West Texas Intermediate (WTI) crude futures lost 9 cents, or 0.1%, to \$80.86 a barrel.

Both benchmark contracts rose about 1% on Tuesday as the United Arab Emirates, Kuwait, Iraq and Algeria reinforced comments from Saudi Arabia's energy minister that the Organization of the Petroleum Exporting Countries (OPEC) and allies, together called OPEC+, were not considering boosting oil output. OPEC+ next meets to review output on De 4th

Asian shares rise ahead of Fed minutes, China COVID woes cap gains

Most Asian shares rose on Wednesday, tracking an overnight recovery in Wall Street as markets awaited more cues on U.S. monetary policy, although rising COVID-19 cases in China kept gains limited as traders feared more disruptions.

Trading volumes were somewhat limited in the region with Japanese markets closed for a holiday.

Hong Kong's Hang Seng index was the best performer in Asia, rising 1% after tumbling over the past five sessions. Gains in Chinese stocks were somewhat muted, with the Shanghai Shenzhen CSI 300 and the Shanghai Composite indexes rising 0.1% and 0.3%, respectively.

China introduced new restrictions in several major cities, including Beijing and Shanghai, as the country grapples with a record-high rise in daily infections. This, coupled with weak economic data for October, indicated that growth in the second-largest economy is likely to slow in the coming months..



Bank of England to raise Bank Rate by 50 bps in Dec, peak at 4.25% in Q1- Reuters poll

The Bank of England will press on with interest rate rises to battle inflation even though Britain is heading into a long albeit shallow recession, with consumers facing an extended cost of living crisis, a Reuters poll of economists found.

Finance Minister Jeremy Hunt announced more pain in an autumn financial statement last week, with tax rises now and spending cuts further ahead, so any relief on borrowing costs would have been welcomed by indebted households.

After adding 75 basis points to Bank Rate earlier this month the Monetary Policy Committee will add a more modest 50 basis points on Dec. 15, taking it to 3.50%, the Nov. 18-22 poll found. In an October poll, the rate was expected to end this year at 3.75%.

Over 75% of respondents, 43 of 56, opted for 50 basis points while 13 said 75.

"In terms of being able to pivot back to 50 I think there was enough in the autumn statement to calm some of the fears at the Bank of England on the outlook for next year," said James Smith at ING.

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