

MARKET UPDATE

29/11/2022

Asia FX shrugs off hawkish Fed speak, China in focus

Most Asian currencies recovered sharply from recent losses on Tuesday despite hawkish signals from the Federal Reserve, with focus remaining squarely on COVID-related protests in China and the government's response.

The Chinese yuan rose 0.4% to 7.1792 against the dollar, recovering from a nearly three-week low hit in the prior session, while the offshore yuan jumped 0.8%.

Civilian protests against the government's strict zero-COVID policies appeared to have simmered down after escalating over the weekend. Concerns over more economic disruptions from the protests caused deep declines in markets on Monday, although markets stabilized from their losses later in the session.

Some analysts opined that the protests could also push the government into eventually scaling back its zero-COVID policy - a scenario that is largely positive for Chinese and broader Asian markets. But given that the country is grappling with a record-high daily increase in infections, chances of a zero-COVID reversal in the near-term appear slim.

Oil surges as speculation over OPEC cut outweighs China concerns

Oil prices jumped on Tuesday as traders bet that recent weakness in the market will invite more supply cuts by the OPEC, while anti-government protests in China and hawkish signals from the Federal Reserve worsened the outlook for demand.

Oil marked a volatile start to the week, initially tumbling as much as 3% as Chinese protests against the government's strict zero-COVID policy intensified.

But prices recovered later in the session, ending Monday a shade higher as markets bet that the Organization of Petroleum Exporting Countries (OPEC) will step in to support prices. The cartel is set to meet on December 4, its last meeting for the year, to decide on production.

Oil prices are currently trading below the levels that spurred October's supply cut by the OPEC, driving up hopes that the cartel will cut production when it meets this Sunday.



Crypto lender BlockFi files for bankruptcy, cites FTX exposure

Cryptocurrency lender BlockFi has filed for Chapter 11 bankruptcy protection, it said on Monday, the latest industry casualty after the firm was hurt by exposure to the spectacular collapse of the FTX exchange earlier this month.

The filing in a New Jersey court comes as crypto prices have plummeted. The price of bitcoin, the most popular digital currency by far, is down more than 70% from a 2021 peak.

"BlockFi's Chapter 11 restructuring underscores significant asset contagion risks associated with the crypto ecosystem," said Monsur Hussain, senior director at Fitch Ratings.

New Jersey-based BlockFi, founded by fintech executive-turned-crypto entrepreneur Zac Prince, said in a bankruptcy filing that its substantial exposure to FTX created a liquidity crisis. FTX, founded by Sam Bankman-Fried, filed for protection in the United States this month after traders pulled \$6 billion from the platform in three days and rival exchange Binance abandoned a rescue deal.

Important Note: The information found on Ausprime platform is intended only to be informative, is not advice nor a recommendation, nor research, or a record of our trading prices, or an offer of, or solicitation for a transaction in any financial instrument and thus should not be treated as such. The information provided does not include any specific investment objectives, financial situation and needs of any specific person who may receive it. The past performance is not a reliable indicator of future performance and/or results. Past Performance or Forward-looking scenarios are not a guarantee of future performance. Actual results may differ materially from those anticipated in forward-looking or past performance statement

