MARKET UPDATE

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Oil rises on U.S. inventory draw, but China fears spur steep monthly loss

Oil prices rose further on Wednesday after data pointed to a large weekly drawdown in U.S. crude inventories, although concerns over waning Chinese demand and slowing global economic growth put markets on course for steep losses in November.

Data from the American Petroleum Institute showed that U.S. crude inventories shrank by a much bigger-than-expected 7.9 million in the past week, heralding a similar reading from government data due later in the day.

The figure indicates that the U.S. government has likely scaled back its drawdowns from the Strategic Petroleum Reserve, which is set to tighten supply in the country.

West Texas Intermediate crude futures - the U.S. oil benchmark - surged on this notion, rising 1% to $78.98 a barrel. London-traded Brent oil futures rose 1% to $85.10 a barrel by 22:08 ET (03:08 GMT).

Both contracts extended gains into a third consecutive session, as recent weakness in crude prices also drove speculation that the Organization of Petroleum Exporting Countries and its allies will further cut production when it meets on December 4.

Asia stocks rebound despite disappointing China data

Asian shares rebounded on Wednesday as investors pinned hopes on China eventually reopening its economy despite growing COVID lockdowns that pushed its factory and services sector activity deeper into contraction.

Europe and Wall Street were also set to open higher with FTSE futures and E-mini futures for the S&P 500 index up 0.35% and 0.15%, respectively, at 0518 GMT.

MSCI's broadest gauge of Asia Pacific stocks outside Japan reversed morning losses to gain 0.67%. At current levels, the index is set to post its biggest monthly gain since April 1999.The bank has maintained ultra-low interest rates for the better part of a decade and has so far given no indication that it plans to raise them. But this has also caused a sharp decline in the yen this year, as rising interest rates in other countries saw traders sell the yen in favour of better yields.

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Global stocks to grind higher, lacklustre year ahead: Reuters poll

The global economy needs to find a more solid footing before most stock markets to break out of their torpor, according to market strategists polled by Reuters who have broadly cut their 2023 forecasts compared with three months ago.

That may be a tall order, however, given major central banks still have months to go before pausing one of the swiftest and most aggressive campaigns of interest rate hikes on record.

Following a strong start to the year, equities the world over lost much of their gains following the nadir of the COVID-19 pandemic. Barring a few exceptions such as India, most have struggled to stage a sustained recovery.

Analysts cut their 12-month predictions compared with three months ago for most of the 17 global indexes covered in Reuters polls conducted between Nov. 14-29.

Asked how long the current downturn would last, a strong 70% majority - 66 of 90 - said it would be at least another three months. Nine said it would end within that short timeframe, while the remaining 15 said it already had.