

# MARKET UPDATE

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## Asia FX rallies, dollar sinks as Powell touts tepid rate hikes

Most Asian currencies extended gains on Thursday, while the dollar slipped further after Federal Reserve Chair Jerome Powell said that the central bank will likely slow its pace of future interest rate hikes, although weak economic data prints from China stifled sentiment.

The Japanese yen was among the best performers, rising nearly 1% to 136.76- its strongest level to the dollar in more than three months.

The currency was also aided by data that showed Japanese capital spending rose at its fastest pace in four years during the third quarter, which drove up hopes that the country's shock contraction in its third quarter GDP will be revised more favourably.

The Chinese yuan rose 0.2% after rallying over 1% in the prior session amid hopes of a broader lifting of COVID-19 restrictions in the country.

## U.S. CFTC chair to be questioned over FTX collapse by lawmakers

A leading U.S. financial regulator is set to be grilled by lawmakers on Thursday about the spectacular collapse of cryptocurrency exchange FTX and whether authorities could have done more to prevent it.

In the first of several congressional hearings to examine FTX's failure, members of the Senate Agriculture Committee are likely to press Rostin Behnam, chairman of the Commodity Futures Trading Commission, over whether the turmoil could have been avoided with better oversight.

The hearing, entitled "Lessons Learned from the FTX Collapse, and the Need for Congressional Action", will take place at 10am Eastern Time (1500 GMT).

The committee, which oversees the CFTC, could also press Behnam on meetings between the commodities regulator and FTX staff, including founder Sam Bankman-Fried. The CFTC had "many meetings" with FTX over its application to directly clear customer trades, Behnam said Monday at a Financial Times event. The plan was pulled after FTX filed for bankruptcy. decline in the yen this year, as rising interest rates in other countries saw traders sell the yen in favour of better yields.



## Europe wary of Turkish hub to hide gas 'made in Moscow'

President Vladimir Putin's plan to make Turkey a hub for Russian gas in theory could allow Moscow to mask its exports with fuel from other sources, but that might not be enough to persuade Europeans to buy, analysts and sources said.

Russia supplied 40% of the European Union gas market until Moscow on Feb. 24 sent tens of thousands of troops into Ukraine in what it calls a "special military operation".

Since then, the West has introduced sweeping sanctions, including on Russian oil and gas, cut its purchases of the Russia-sourced fuels and sought alternatives.

After explosions - whose cause is under investigation - damaged the Nord Stream Russian gas pipeline system to Europe under the Baltic Sea, Putin in October proposed setting up a gas hub in Turkey, building on a southern route for exports.

Without being specific, Putin has said a hub could be set up in Turkey relatively quickly, and predicted customers in Europe would want to sign contracts.

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