

MARKET UPDATE

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Asia FX turns cautious ahead of U.S. payrolls, dollar hits 3-mth low

Most Asian currencies moved little on Friday as caution kicked in ahead of U.S. payrolls data that is likely to affect monetary policy, although dovish signals from the Federal Reserve pushed the dollar to a three-month low.

Regional currencies were also set for strong gains this week as the Federal Reserve flagged smaller interest rate hikes in the coming months- a scenario that is positive for risk-driven assets.

The Japanese yen rose 0.1%, and was the best performing Asian currency this week, up nearly 3% at a three-and-a-half-month high of 135.19 as it recovered further from a 30-year low.

The Chinese yuan fell 0.2%, although speculation that China will relax its strict anti-COVID policies saw the currency set for a 1.7% gain this week.

Oil treads water amid speculation over OPEC cut, weekly gains on tap

Oil prices rose slightly on Friday as investors speculated over the prospect of a production cut by the OPEC, while optimism over a recovery in Chinese demand and signs of tightening supply put crude markets on course for a positive week.

The Organization of Petroleum Exporting Countries and allies (OPEC+) is set to meet on Sunday, December 4, to decide on future supply. While the cartel has signalled that it will consider recent declines in oil prices into its decision, it has given no clear indication that it will cut production.

Brent Oil Futures rose 0.1% to \$87.06 a barrel in early Asian trade, while West Texas Intermediate crude futures rose 0.1% to \$81.36 a barrel. Brent was set to add nearly 4% this week, while shrinking U.S. inventories saw WTI surge more than 6% this week.

The OPEC had announced a 2 million barrel per day production cut in October, which saw oil prices briefly surge to as high as \$100 a barrel. But they had swiftly retreated from this level, with oil nursing steep losses for November as rising COVID-19 cases in China brewed uncertainty over future demand.



Dollar wobbles as inflation ebbs, jobs data in focus

The dollar held firm on Friday but was pinned near 16-week lows against a basket of major currencies as data showing increased U.S. consumer spending emboldened investors' hopes that the peak in interest rates was in sight.

The dollar index, which measures the currency against six major peers including the yen and euro, rose 0.05% to 104.71, not far off Thursday's trough of 104.56, the lowest since Aug. 11.

Data on Thursday showed that U.S. consumer spending in October increased at its greatest pace since January and the labour market remained resilient, with the number of Americans filing new claims for unemployment benefits declining last week.

The latest signs of a strong U.S. economy came after Federal Reserve Chair Jerome Powell said on Wednesday that it was time to slow rate hikes, noting that "slowing down at this point is a good way to balance the risks."

Binance CEO says paused withdrawals after Ankr hack

Binance Chief Executive Officer Changpeng Zhao said on Friday that the cryptocurrency exchange has paused withdrawals after the possible attacks on Web 3 operator Ankr and Hay.

"Initial analysis is developer private key was hacked, and the hacker updated the smart contract to a more malicious one.", he tweeted.

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