

MARKET UPDATE

13/12/2022

Oil climbs as shut pipeline in U.S. adds to supply uncertainty

Oil extended gains on Tuesday as a key pipeline bringing the resource to the United States remained shut, adding to concerns about potential tight supply in the world's biggest crude consumer.

Brent crude futures rose \$1.16, or 1.5%, to \$79.15 per barrel by 0525 GMT, while U.S. West Texas Intermediate (WTI) crude futures gained \$1.05, or 1.4%, to \$74.22.

Both benchmarks settled up more than 2% in the previous session.

"Crude oil gained as supply side issues offset concerns of weaker demand," said ANZ Research analysts Brian Martin and Daniel Hynes, in a note to clients on Tuesday.

Concerns about Russian oil output have arisen since President Vladimir Putin said on Friday that Russia could cut production.

The closure of TC Energy (NYSE:TRP) Corp's Keystone Pipeline, which ships about 620,000 barrels-per-day of Canadian crude from Alberta to the United States, has tightened supplies and raised the prospect that inventories at the Cushing, Oklahoma, storage hub will decline. Cushing is also delivery point for the WTI crude futures contract.

Dollar steadies in calm before CPI and central bank storm

The dollar was firm on Tuesday leading in to the release of U.S. inflation data and the final Federal Reserve meeting of the year, with investors waiting to update interest rate outlooks.

A month ago, a small surprise to the downside unleashed a wave of bond-buying and dollar selling on the expectation that inflation had peaked. The U.S. figures, due at 1330 GMT, will test that assumption, while the Fed decision on Wednesday should provide some reasonably instant feedback from policymakers.

The dollar gained 0.8% on the yen on Monday and was steady at 137.70 yen through the Asia session on Tuesday. It also held onto gains versus the Australian dollar at \$0.6759 [AUD/], Economists polled by Reuters expect November core inflation to be steady at 0.3% month-on-month but see moderation in the annual pace, with headline prices seen 7.3% higher than a year earlier.



Former FTX CEO Sam Bankman-Fried arrested in Bahamas, extradition expected

Sam Bankman-Fried, the former head of bankrupt cryptocurrency exchange FTX, was arrested by Bahamian authorities on Monday evening at the request of the U.S. Government, a U.S. attorney confirmed.

Bankman-Fried was arrested based on a sealed indictment filed by the Southern District Court of New York, the court said in a statement citing U.S. attorney Damian Williams. The indictment will likely be unsealed on Tuesday morning, Williams said.

Separately, the Office of the Attorney General of the Bahamas said that Bankman-Fried faces potential extradition to the U.S.

The former FTX CEO's arrest comes just ahead of a Congressional hearing on Tuesday, where Bankman-Fried was expected to testify remotely. He had also reportedly refused to testify at a Senate Banking Committee hearing on Wednesday over the FTX collapse.

FTX, once the second-largest crypto exchange in the world, filed for bankruptcy in November after reports that it had misappropriated customer funds triggered a slew of withdrawals which it could not honour.

FTX had allegedly spent and traded customer funds through Bankman-Fried's trading firm Alameda Research.

The exchange and its U.S. subsidiary had both suspended withdrawals in November, with no indication of when customers will be able to withdraw their funds. Reports suggest that at least \$1 billion worth of customer funds are unaccounted for.

The exchange's bankruptcy sent ripples through the crypto market, coming as a major blow to the space after a sustained decline in prices this year. It also triggered bankruptcies in several companies that were exposed to FTX, including lenders BlockFi and Voyager Digital.

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