

MARKET UPDATE

28/12/2022

Asian shares muted as investors fret over China reopening

Asian equities swung between losses and gains in choppy trading on Wednesday as investors looked for direction after China took further steps towards reopening its COVID-battered economy, with worries over an economic slowdown weighing on sentiment.

MSCI's broadest index of Asia-Pacific shares outside Japan was up 0.12%, having slid as much as 0.5%. After having the best monthly performance in nearly 30 years in November, the index is flat for December with two days of trading left.

European stock futures indicated the stocks were set to fall, with the Eurostoxx 50 futures down 0.13%, German DAX futures down 0.05% and FTSE futures 0.24% higher.

China stocks were little changed, while the Hong Kong stock market rose 2%, encouraged by China's announcement on Monday it would stop requiring inbound travellers to go into quarantine starting from Jan. 8

Dollar climbs to one-week high vs yen amid spike in Treasury yields

The dollar climbed to a more than one-week high versus the yen on Wednesday, buoyed by higher Treasury yields amid hopes for a strong rebound in Chinese growth as COVID-19 curbs loosen.

The yen also came under pressure amid more signals from the Bank of Japan that a surprise policy tweak last week was not the start of a scrapping of stimulus.

The dollar rallied 0.5% to 134.17 yen in Asian trading, and earlier touched 134.40 for the first time since Dec. 20, when the BOJ sent the pair spiralling lower with an unexpected loosening of the 10-year Japanese government bond yield policy band.

The greenback dropped as low as 130.58 yen that day for the first time since early August as traders speculated about an eventual withdrawal of stimulus.

A summary of opinions from the meeting though, released Wednesday, showed policymakers backing a continuation of ultra-accommodative policy, even as they discussed growing prospects the country could see higher wage growth and sustained inflation next year.



Crypto exchange Kraken to stop operations in Japan

U.S.-based crypto exchange Kraken said on Wednesday it would cease its operations in Japan next month, citing the current market conditions in the country and a weak crypto market globally.

Kraken will deregister from the Financial Services Agency (JFSA) as of Jan. 31, by which time clients would have to withdraw their fiat and crypto holdings, it said in a statement.

Kraken said it is fully funded to ensure that all affected clients could withdraw their assets in a timely manner.

Last month, Kraken said it would reduce its workforce by 30%, or about 1,100 employees, as tough market conditions had crippled demand for digital assets.

Bitcoin, the pre-eminent cryptocurrency, has lost 60% of its value this year, while the wider crypto market has shrunk by \$1.4 trillion, squashed by the collapse of Sam Bankman-Fried's FTX empire, Celsius and supposed 'stable-coins' terra/USD and Luna.

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