

MARKET UPDATE

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Oil prices muted after middling January, Fed meeting in focus

Oil prices kept to a tight range on Wednesday after retreating in January, with markets now seeking more cues from a Federal Reserve meeting and a potential economic recovery in China.

Signs of another large build in U.S. inventories weighed on crude markets, after data from the American Petroleum Institute showed that U.S. crude inventories grew 6.3 million barrels in the week to January 27, against expectations for a draw of 1 million barrels.

The reading potentially heralds a similar trend in official data due later in the day, which could signal a near-term oil supply glut in U.S. markets.

EV battery maker ONE raises \$300 million, now valued at \$1.2 billion

Michigan-based battery start-up Our Next Energy (ONE) on Wednesday said it closed a \$300 million Series B funding round that takes the three-year-old company's valuation to \$1.2 billion.

The latest round, led by investors Franklin Templeton and Fifth Wall, makes Our Next Energy one of the most valuable privately held battery companies in the United States.

ONE is delivering prototype versions of its Aries I battery pack to several companies for testing and aims to begin producing Aries II lithium iron phosphate cells next year at a new factory in Van Buren Township in south-eastern Michigan, Chief Executive Mujeeb Ijaz said in an interview.

The plant initially will have a capacity of around 2 gigawatt-hours, growing to 10 GWh by 2026 and 20 GWh in 2027, Ijaz said. Eventually the facility will produce Aries II packs and will have a prototype line for the company's dual-chemistry Gemini cells, which ONE hopes to begin producing in 2026.

Ijaz said the company is considering whether to build a second building on the Van Buren campus, and is contemplating the need for a second location, depending on customer demand.



Asia FX treads water as Fed meeting looms, dollar inches higher

Most Asian currencies moved little on Wednesday in anticipation of a Federal Reserve meeting, while the dollar crept higher as markets positioned for an interest rate hike and a potentially hawkish message from the central bank.

The dollar firmed slightly against a basket of currencies, with the dollar index and dollar index futures advancing about 0.1% each.

The Federal Reserve is broadly expected to hike interest rates by 25 basis points, after U.S. inflation retreated over the past few months. But comments from Fed Chair Jerome Powell on the path of monetary policy will be closely watched, given that recent data signalled some resilience in the U.S. economy.

Investors are also expecting Powell to address the recent rally in financial markets.

A hawkish outlook from the Fed is likely to weigh on Asian currencies, given that it indicates a further narrowing in the gap between risky and low-risk debt yields.

The Chinese yuan rose 0.1% on Wednesday to around 6.7492 against the dollar, as traders weighed contrasting data on the country's manufacturing sector. While government data showed on Tuesday that the sector rebounded in January, a private survey painted a less rosy picture of the economy, as it moves away from three years of anti-COVID restrictions.

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