MARKET UPDATE

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Asia FX weakens, dollar rebounds as nonfarm payrolls loom

Most Asian currencies weakened on Friday, while the dollar rebounded in anticipation of more cues on the U.S. economy from nonfarm payrolls data, while markets dialled back bets on an imminent pause in the Federal Reserve's rate hike cycle.

The Chinese yuan fell 0.2% even as a private survey showed that the country's massive services sector roared back in January from a four-month lull, after the relaxing of most anti-COVID measures.

But data released earlier this week painted a mixed picture of the manufacturing sector, which could delay a bigger economic recovery this year.

Most currencies exposed to China also retreated. The Singapore dollar fell 0.2%, while the South Korean won fell 0.3%.

Regional units were also pressured by a rebound in the dollar, which rose sharply overnight following strong readings on weekly unemployment claims. The data ramped up concerns that strength in the jobs market could keep inflation higher for longer, necessitating more interest rate hikes by the Federal Reserve.

Oil stable as market awaits signs of China demand recovery

Oil prices were little changed on Friday, with major benchmarks headed for their second straight week of losses, as the market awaited further signs of fuel demand recovery in China to offset looming slumps in other major economies.

Brent crude futures dipped 16 cents, or 0.2%, to $82.01 a barrel by 0445 GMT, while U.S. West Texas Intermediate (WTI) crude futures slid 17 cents, or 0.2%, to $75.71.

So far this week, Brent has dropped more than 5%, extending a 1% loss from the previous week. WTI has also fallen by nearly 5%, after sliding 2% in the prior week.

Mixed signals on fuel demand recovery in China, the world's top oil importer, have kept a lid prices.

ANZ analysts pointed to a sharp jump in traffic in China's 15 largest cities following the Lunar New Year holiday, but also noted that Chinese traders had been "relatively absent".

China's latest IPO reform unlikely to flood markets with new issuance

China's move this week to streamline stock market listing rules is unlikely to result in a flood of initial public offerings, bankers say, citing the prospect of state intervention on national security and other grounds that would result in delays.

Beijing published draft rules on Wednesday to broaden its fledgling registration-based IPO system, expand the U.S.-style mechanism to all corners of China's stock market in a shift designed to speed up listings and corporate fundraising.

Under the new system, China's stock exchanges will themselves vet IPOs with a focus on information disclosure. Currently, IPOs on China's blue-chip boards need clearance from the China Securities Regulatory Commission (CSRC) under an approval-based system - one that means long delays and IPO prices capped by the regulators.

The reform was hailed by state media and analysts as a key milestone that would make China's IPO market more inclusive, transparent and efficient.

More than 30 IPO hopefuls have halted the CSRC registration process, according to public filings, while hundreds have aborted listing plans during the gruelling vetting process by the exchanges in the pilot registration-based scheme.

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