

MARKET UPDATE

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Asia FX slips, dollar gains as markets await more Fed cues

Most Asian currencies fell on Tuesday, while the dollar advanced against a basket of currencies as markets awaited more cues on U.S. monetary policy from the minutes of the Federal Reserve's February meeting and more inflation data.

Risk-heavy Southeast Asian currencies were the worst performers for the day, with the Thai baht leading losses in the region with a 0.7% loss.

The Japanese yen fell 0.1% as data showed local manufacturing activity shrank far more than expected in February. But this was offset by a bigger-than-expected jump in service sector activity.

Focus this week is on an address by Bank of Japan Governor nominee Kazuo Ueda, which is expected to shed more light on the bank's ultra-loose policy this year.

The dollar hovered just below a six-week high against a basket of currencies, with the dollar index and dollar index futures rising nearly 0.2% each on Tuesday. Broader Asian markets are awaiting the minutes of the Fed's February meeting, which is expected to reiterate the central bank's hawkish stance.

A reading on the U.S. Personal Consumption Expenditures price index - the Fed's preferred inflation gauge - is also due this week, and is expected to show that inflationary pressures remained elevated in January.

BHP shares fall as China slowdown drives HY profit slump

Shares of BHP Group Ltd (ASX:BHP) fell on Tuesday after the Anglo-Australian miner logged a sharp decline in its half-year profit on slowing demand in China and weakening iron ore prices, although it posited a positive outlook for the coming months.

BHP fell 2.2% to A\$47.390, coming close to its lowest level since early-January. The miner's underlying profit attributable for the six months to December 31 was \$6.6 billion, compared with \$9.7B from the prior year.

An economic slowdown in developed countries in Europe and the Commonwealth also weighed on demand, and is expected to continue doing so in the interim.



Tether tightens grip on wobbling world of stablecoins

The world of stablecoins is suddenly looking shaky.

Seismic shifts may be afoot in the \$137 billion market after New York-based Paxos Trust Company, which mints Binance's stablecoin, said it would cease issuing new BUSD tokens after U.S. regulators labelled the asset an unregistered security.

The U.S. move has left investors questioning the future shape of the market for stablecoins, tokens that are usually backed by traditional assets like dollars and U.S. Treasuries to tame the wild swings that characterize cryptocurrencies.

The immediate impact hasn't been negating for the stablecoin market as a whole, though; it's actually seen its total value grow by \$2 billion since the Paxos announcement on Feb. 13.

"There's way too much demand for dollar-based stablecoins for them to go away," said Alex Miller, CEO at bitcoin developer network Hiro.

Instead, rivals are vying to cash in on the woes of BUSD, the world's third-biggest stablecoin, whose market value has shrunk to \$12.9 billion from \$16.1 billion, with its market share narrowing to 9.4% from 12.1%, according to CoinGecko.com.

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