

MARKET UPDATE

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Oil prices inch higher after bruising losses

Oil prices crept higher on Wednesday after sharp losses in the prior session as markets awaited more cues on U.S. interest rates and the path of monetary policy, while traders also questioned the outlook for a potential demand rebound this year.

The minutes of the Federal Reserve's February meeting, due later in the day, is largely expected to reiterate the central bank's hawkish rhetoric, given that U.S. inflation remained stubbornly high in January.

A reading on the Personal Consumption Expenditures index - the Fed's preferred inflation gauge, due later in the week, is also expected to show that inflation remained high in January, which in turn gives the central bank more impetus to keep raising interest rates.

Rising interest rates are expected to stymie economic growth this year and severely crimp oil demand, especially in the U.S., Europe, and other developed countries.

Stablecoin regulatory crackdown sends warning to industry

The U.S. Security and Exchange Commission's warning shot on Binance's stablecoin over whether or not it is a security could offer a hint at what type of dollar-pegged tokens may draw regulatory scrutiny, critical information for other digital asset firms offering a less volatile way to trade crypto.

Stablecoins, with a market valued over \$137 billion according to Coin Gecko, are digital tokens typically backed by traditional assets like the U.S. dollar or U.S. treasuries that are designed to hold a steady value.

But usage is raising questions from regulators who have expressed concern about the disclosures stablecoin issuers provide, as well as the tokens' potential instability during periods of stress.

Last week, the SEC told Paxos Trust Company, the firm behind Binance's stablecoin, that it should have registered the product as a security and is considering taking action against the platform, Paxos disclosed. Paxos, a blockchain platform that partners with Binance to issue the token, said it disagreed with the SEC's position. The firm is now in talks with regulators, according to an internal company email.



Asia FX dented by rising yields, dollar gains as Fed minutes loom

Most Asian currencies retreated on Wednesday tracking strength in the dollar and an overnight spike in Treasury yields, as markets hunkered down ahead of more cues on monetary policy from the minutes of the Federal Reserve's February meeting.

The dollar remained pinned near a six-week high against a basket of currencies, with the dollar index and dollar index futures trading sideways in Asian trade. But the greenback advanced in overnight trade.

U.S. Treasury yields also rose after a better-than-expected reading on U.S. business activity in February, which showed that the world's largest economy was still running hot, giving the Fed more headroom to hike interest rates.

The Fed minutes, due later in the day, are widely expected to reiterate the central bank's hawkish stance. But that stance now holds more ground after U.S. inflation surprised to the upside in January.

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