

MARKET UPDATE

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Asia FX rises, dollar dips amid easing bank crisis fears

Most Asian currencies rose sharply on Friday amid easing fears of a global banking crisis, while the dollar retreated as markets also bet that the Federal Reserve will soften its hawkish stance to prevent more economic pain.

China's yuan was among the best performers for the day, rising nearly 0.5% as a positive outlook on the Chinese economy from Goldman Sachs also boosted sentiment. The investment bank expects China's economy to grow 6% this year, more than government forecasts of 5%.

Economic data released this week showed that certain facets of the economy were recovering from three years of COVID lockdowns. But growth in the manufacturing sector still remained below full capacity.

The Japanese yen rose 0.6% and was set to add 1.4% this week, having benefited greatly from increased safe haven demand. A mild improvement in Japan's massive trade deficit also helped sentiment towards the yen, amid easing supply chain issues.

Oil prices rise on OPEC+ hopes, but set for steep weekly losses

Oil prices crept higher on Friday on the prospect of supportive measures by the OPEC+, although fears of an economic slowdown stemming from a banking crisis kept gains limited and put prices on course for their worst week this year.

Media reports said that Saudi Arabian and Russian ministers met this week to discuss potential action by the Organization of Petroleum Exporting Countries and allies (OPEC+) to support crude markets, following sharp losses in recent sessions.

The news helped crude prices recover from 15-month lows, given that it likely points to more supply cuts by the cartel. But prices were still set for their worst week this year after the collapse of several U.S. banks brewed concerns over contagion in the economy, which in turn spurred fears of a looming recession this year.

Brent oil futures rose 0.3% to \$74.86 a barrel, while West Texas Intermediate crude futures rose 0.2% to \$68.47 a barrel by 22:01 ET (02:01 GMT). Both contracts were set to lose nearly 11% this week- their worst drop since early-December.

Bank rescues ease crisis fears but investors worry it's not enough

A \$30 billion lifeline for First Republic Bank (NYSE:FRC) hosed down market fears about an imminent banking collapse on Friday, but a late tumble in the troubled U.S. lender's shares showed investors were still worried about cracks in the sector.

Large U.S. banks injected the funds into San Francisco-based bank on Thursday, swooping in to rescue the lender caught up in a widening crisis triggered by the collapse of two other mid-size U.S. lenders over the past week.

The deal was put together by top power brokers including U.S. Treasury Secretary Janet Yellen, Federal Reserve Chairman Jerome Powell and JPMorgan Chase CEO Jamie Dimon, who had discussed the package this week, according to a source familiar with the situation.

The package came less than a day after Swiss bank Credit Suisse clinched an emergency central bank loan of up to \$54 billion to shore up its liquidity.

Those deals helped restore calm to global markets on Thursday and Friday, following a torrid week for banking stocks.

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