

MARKET UPDATE

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European stock futures higher; stability returns to banking sector

European stock markets are expected to open higher Tuesday as a degree of stability returns to the region's banking sector ahead of business confidence data from France and Italy.

Confidence is starting to return to European stock markets after the recent turmoil surrounding the global banking sector, which resulted in the collapse of a couple of regional U.S. banks and the state-orchestrated rescue of Credit Suisse (SIX:CSGN) by rival UBS (SIX:UBSG).

European banking shares rose on Monday, paring last week's sharp declines, and officials at the European Central Bank have been at pains to point out that the region is much better prepared than it was for the 2008 collapse.

"We see there's increased concern in financial markets over the situation in the U.S. and Swiss jurisdictions," Governing Council member Gediminas Simkus said on Monday. "But if we look at banks in the euro system, it's a different jurisdiction, where there's high capital buffers, high liquidity and growing profitability from rising interest rates."

Safe-haven dollar slips as bank fears ease

The U.S. dollar slid for a second day against major peers on Tuesday as receding fears of a full-blown banking crisis sapped demand for the safest assets.

The U.S. dollar index - which gauges the currency against six peers, including the yen - declined 0.16% to 102.59 during Asian trading, extending Monday's 0.35% drop.

The greenback plunged as low as 130.505 yen at one point, and was last off 0.71% at 130.64, undoing the previous session's 0.64% jump, when it tracked a 15-basis point surge in long-term Treasury yields, the biggest in six months. The 10-year yield was little changed in Tokyo trading on Tuesday at around 3.51%.

"The time of the year - the Japanese fiscal end - I think there are some flows from Japanese repatriating," said Bart Wakabayashi, branch manager at State Street (NYSE:STT) in Tokyo.

Elsewhere, bitcoin edged down to around \$27,000, remaining on the back foot after a 3% slide on Monday, amid problems at the world's biggest cryptocurrency exchange, Binance.



Bitcoin, crypto prices dip as Binance faces CFTC lawsuit

The prices of Bitcoin and other major cryptocurrencies fell on Monday after Binance was slapped with a lawsuit by U.S. regulators accusing the world's largest crypto exchange of flouting compliance laws and offering illegal derivatives products.

The U.S. Commodity Futures Trading Commission (CFTC) filed a lawsuit against Binance, founder Changpeng Zhao and former chief compliance officer Samuel Lim, alleging "wilful evasion" of U.S. laws.

The complaint states that Binance instructed employees and customers to bypass compliance controls, and also likely engaged in insider trading by operating some 300 "house accounts" that were tied to Zhao.

The CFTC also accused Binance of operating an illegal derivatives exchange for tokens like Bitcoin and Ethereum, which the regulator referred to as commodities.

Bitcoin fell 3% after the announcement to \$27,143.95, while Ethereum lost 3.3%. Binance Coin (BNB), the exchange's native token, lost 5.5%, while overall crypto market capitalization fell nearly 3%.

The CFTC complaint cited several internal emails and memos revealed by a series of Reuters investigations. The commission is seeking monetary penalties, as well as a permanent ban on Binance's activities.

Monday's lawsuit is the latest step in an ongoing regulatory crusade against crypto, which saw U.S. authorities charge several high-profile firms with engaging in scams or violating securities laws.

Recent media reports suggested that the U.S. Department of Justice has been investigating Binance for facilitating money laundering and terrorist financing activity since at least 2018.

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