

MARKET UPDATE

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Dollar rebound from sharp losses

The U.S. dollar edged higher in early European trade Friday, rebounding after the previous session's sharp losses as traders sought out a safe haven after weak Chinese inflation data.

The dollar was in demand early Friday after data showed that Chinese consumer inflation shrank in May from the prior month, while producer inflation fell at its sharpest pace in seven years.

This followed a string of weak economic readings from China in the past two weeks, which suggested that the second largest economy in the world, and a major regional growth driver, was struggling to rebound from its COVID hit.

This could push the Chinese government to roll out more supportive measures in the coming months, but this would likely weaken the yuan further, to the benefit of the dollar.

The greenback is down 0.6% for the week, set for its worst week since mid-March.

Data released on Thursday showed that the number of Americans filing new claims for unemployment benefits surged to the highest in more than 1½ years last week.

With signs of the labour market weakening, Tuesday's release of the latest consumer prices index, for May, looms large as it comes out just before the central bank officials get together to make their decision on interest rates.

Oil slips as weak Chinese data fuels demand concerns

Oil prices extended losses into Asian trade on Friday amid persistent fears that slowing economic growth will erode demand this year, with dismal readings from China further denting sentiment.

Chinese consumer inflation shrank in May from the prior month, while factory gate inflation hit a seven-year low as an economic recovery in the country sputtered through the second quarter.

The readings, coupled with a string of weak economic prints from the country over the past two weeks, further undermined bets that a recovery in China will push oil demand to record highs this year.

Fears of slowing demand also largely offset signs of tighter supply following a fresh production cut by Saudi Arabia and put crude prices on course for a second straight week of losses.



Binance.US suspends US dollar deposits after crackdown by regulators

Crypto exchange Binance.US said on Thursday it is suspending U.S. dollar deposits and that its banking partners are preparing to pause fiat dollar withdrawal channels as early as June 13, just days after U.S. regulators sued Binance and its CEO Changpeng Zhao.

The U.S. arm of the world's largest crypto exchange said in a tweet at 10:33 p.m. EDT (0233 GMT Friday) that the move comes as it is taking "proactive steps" in its transition to a crypto-only exchange for the time being.

Trading, staking, deposits and withdrawals in crypto would remain fully operational, the exchange said in a notice to its customers.

On Monday, the U.S. Securities and Exchange Commission (SEC) filed a lawsuit against Binance and its founder Zhao, and subsequently sued Coinbase (NASDAQ:COIN), the largest U.S. cryptocurrency platform, a day later.

The developments mark a dramatic escalation of a crackdown on the industry by U.S. regulators, following the implosion of FTX last year.

U.S. financial regulators had said earlier on Thursday that they supported a freeze on Binance's assets, according to a U.S. SEC filing to a federal court and made public.

"Binance.US is a considerably smaller business than their international group. Halting of withdrawals is obviously going to create or spur quite a bit of worry and panic," said Matthew Dibb, COO of Singapore crypto platform Stack Funds.

"But day after day for the last week, Binance has been hit with various types of comments and issues from the SEC and regulators, so this was really to be expected."

Prices of cryptocurrencies barely reacted to the news, with bitcoin last marginally lower at \$26,496 during the Asian day on Friday.

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