

MARKET UPDATE

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Asia FX firms ahead of Fed meeting

Most Asian currencies rose slightly on Tuesday, tracking some weakness in the dollar amid uncertainty over upcoming U.S. inflation data and a Federal Reserve decision on interest rates.

The Chinese yuan was the sole outlier for the day, falling 0.2% to an over six-month low after the People's Bank of China trimmed a short-term lending rate, its first such move in 10 months.

The rate-sensitive South Korean won was the best performer in the region, up 0.5%, while the Japanese yen added 0.1% ahead of a Bank of Japan meeting this week.

The dollar weakened in Asian trade, coming further off recent two-month highs as markets awaited more cues from consumer price index inflation data on Tuesday and a Fed meeting on Wednesday.

The dollar index and dollar index futures fell about 0.1% each.

CPI data due later in the day is expected to show that U.S. inflation grew at a slower pace in May than the prior month. But the reading is still expected to be twice as much as the Fed's annual target range of 2%.

The inflation reading is also widely expected to factor into the Fed's decision on interest rates at the conclusion of a two-day meeting on Wednesday. While the central bank is expected to hold rates steady.

Oil rises after bruising losses

Oil prices rose on Tuesday, recovering a measure of steep losses from the prior session, although caution ahead of upcoming U.S. inflation data and the conclusion of a Federal Reserve meeting kept markets on edge.

Crude markets were nursing their worst loss in nearly two weeks as concerns over sluggish demand, worsening economic conditions and a potential boost in Iran-driven supply largely countered the prospect of tighter production after a Saudi cut last week.

Prices saw little scope for recovery as traders remained cautious ahead of key U.S. inflation data and a Fed meeting, due on Tuesday and Wednesday, respectively.

Fed, inflation anticipation limit oil recovery

Focus was now squarely on U.S. consumer price index inflation data, due later in the day, which is in turn expected to factor into a Fed interest rate decision on Wednesday.

Security alert! Altcoins worth \$100 billion dropped in hot water

A slew of altcoins - a catch-all for most cryptocurrencies except bitcoin and ether - have been harpooned in lawsuits filed by U.S. regulators against exchanges Binance and Coinbase (NASDAQ:COIN) last week, hammering the prices of the tokens.

It's big. Over 50 cryptocurrencies worth over \$100 billion in total and making up about 10% of the overall market, are now viewed by the SEC watchdog as securities, according to CCData.

Among major players, for example, solana, polygon and cardano have sunk between 23% and 32%.

"Security classifications would affect all U.S. crypto exchanges, leading to a forced closing of various altcoin pairs," said Vette Lunde, senior analyst at K33 Research.

Whether U.S. courts accept the SEC's classification remains to be seen, but the impacts are already being felt - Robinhood (NASDAQ:HOOD) Markets has already said it will remove solana, cardano and polygon from its platform. Market participants say other exchanges may follow suit.

That would make it more expensive both for individual tokens to operate and for crypto exchanges to list them.

"Securities can only be traded by brokers, and only on regulated exchanges, and only with clearing houses and transfer agents and physical certificates," Ryan Rasmussen, analyst at Bitwise Asset Management told the Reuters Global Markets Forum. "It would certainly be a hurdle for exchanges to implement."

The SEC's classification is likely to hit investment interest for the blockchains underlying tokens like solana and cardano, both notable chains for developing decentralized finance and other applications, market players say.

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