

MARKET UPDATE

26/06/2023

Rouble opens at 15-month low vs dollar

The Russian rouble opened at a near 15-month low against the dollar in early morning trade on Monday, responding for the first time to an aborted mutiny by heavily armed mercenaries over the weekend.

By 0415 GMT, the rouble was 2.1% weaker against the dollar at 86.50, after earlier hitting 87.2300, its weakest point since late March 2022.

It had lost 2.2% to trade at 94.37 versus the euro and shed 2.1% against the yuan to 11.95.

Russian mercenaries led by Yevgeny Prigozhin withdrew from the southern Russian city of Rostov-on-Don overnight on Saturday under a deal that halted their rapid advance on Moscow but left unanswered questions about President Vladimir Putin's grip on power.

With the rouble not trading over the weekend, Russian banks were offering exchange rates well above official rate beyond 90 to the dollar. Monday's full trading session begins at 0700 GMT.

Investors globally were watching for ripple effects from the aborted mutiny, with some expecting a move into safe havens such as U.S. government bonds and the dollar.

The development has also revived an old fear in Washington about what happens to Russia's nuclear stockpile in the event of domestic upheaval.

Oil climbs on concerns Russia political issues

Oil prices rose on Monday after a revolt by Russian mercenaries over the weekend raised concerns about political instability in Russia and the potential impact on oil supply from one of the world's largest producers.

Brent and U.S. West Texas intermediate crude (WTI) futures were both up 0.4% on Monday, paring some gains after rising as much as 1.3% in early Asian trade. Brent was trading 27 cents higher at \$74.12 a barrel at 0234 GMT, while WTI was up 28 cents at \$69.44 a barrel.

A clash between Moscow and Russian mercenary group Wagner was averted on Saturday after the heavily armed mercenaries withdrew from the southern Russian city of Rostov under a deal that halted their rapid advance on the capital.

However, the challenge has raised questions about President Vladimir Putin's grip on power and concerns about possible disruption of Russian oil supply.



S&P Global cuts China 2023 growth forecast to 5.2%

S&P Global said it has cut its 2023 GDP growth forecast for China after May data showed a post-COVID recovery was faltering in the world's second-largest economy.

"We have reduced our 2023 GDP growth forecast to 5.2%, from 5.5%," it said in a research note on Sunday.

"China's recovery should continue but at an uneven pace, with investment and industry lagging."

S&P is the first major international credit agency to cut its forecasts for China's economy this year, although several major banks including Goldman Sachs (NYSE:GS) have lowered their estimates this month.

Goldman Sachs reduced its forecast from 6% to 5.4%, citing persistently weak confidence and the cloud over the property market as stronger-than-expected headwinds.

China's economy stumbled in May with property investment slumping further, industrial output and retail sales growth missing forecasts, adding to expectations that Beijing will need to do more to shore up a shaky post-pandemic recovery.

Important Note: The information found on Ausprime platform is intended only to be informative, is not advice nor a recommendation, nor research, or a record of our trading prices, or an offer of, or solicitation for a transaction in any financial instrument and thus should not be treated as such. The information provided does not include any specific investment objectives, financial situation and needs of any specific person who may receive it. The past performance is not a reliable indicator of future performance and/or results. Past Performance or Forward-looking scenarios are not a guarantee of future performance. Actual results may differ materially from those anticipated in forward-looking or past performance statement

