

# MARKET UPDATE

25.7.2023

## Oil prices rise as tight supply.

Oil prices rose slightly in Asian trade on Tuesday, sticking to three-month highs as signs of tighter supply and expectations of more Chinese stimulus helped offset uncertainty over an upcoming Federal Reserve meeting.

Crude prices saw a strong start to the week, rising over 2% after top Chinese officials pledged to spruce up economic growth in the world's largest oil importer.

This came amid tighter global crude supplies, as the effects of recent production cuts by the Organization of Petroleum Exporting Countries and Russia began to be felt.

Oil markets were also focused on U.S. inventory data, which is due later on Tuesday and Wednesday. Inventories are expected to have fallen by over 2 million barrels in the week to July 21, indicating some steady demand.

But indicators of U.S. fuel consumption will be closely watched, amid some concerns over sluggish demand in the world's largest oil consumer. Extreme weather conditions and high inflation have somewhat weighed on fuel demand in recent weeks.

## Asia FX rises, dollar stumbles as Fed meeting approaches.

Most Asian currencies firmed on Tuesday, aided by a mix of dollar weakness and promises of more Chinese stimulus aided sentiment, with focus now turning to an upcoming Federal Reserve meeting.

Weak U.S. business activity data released overnight spurred more bets that the Federal Reserve will have limited headroom to keep raising interest rates, ahead of the beginning of a two-day meeting on Tuesday.

The dollar fell in Asian trade, as a rebound from 15-month lows ran out of steam. The dollar index and dollar index futures both fell about 0.1% each on Tuesday.

Chinese yuan rises amid stimulus talk, PBOC support

The yuan jumped 0.4% on Tuesday, recovering sharply from the 7.2 level hit earlier this week. The currency was aided by a significantly stronger daily midpoint fix by the People's Bank of China.

Media reports also suggested that Chinese state banks were once again selling dollars to support the yuan.

## Ripple effect as explosive XRP leads market charge.

XRP has become the unlikely white knight of crypto, thwarting its regulatory foes and dragging the market out of the doldrums.

The price of XRP popped 78% after a U.S. judge ruled on July 13 that issuer Ripple Labs' sales of the token on public exchanges didn't violate securities law, and it's still up about 47%. Its market cap has ballooned to \$36 billion from \$25 billion and its crypto market share to 3.5% from 2% before the ruling, according to CoinMarketCap.

Ripple's landmark victory has galvanized the wider market for altcoins - cryptocurrencies excluding bitcoin - as much of the regulatory scrutiny on the sector focuses on whether some tokens should be classed as more tightly-regulated securities.

"It's a big milestone for the altcoins sector, it is fair to assume that if XRP is not a security, barely any other digital asset can be considered that way," said Matteo Greco, analyst at fintech and blockchain investment firm Fineqia International.

Indeed, the altcoin market cap has jumped to \$665.2 billion from \$636.38 billion before the ruling, according to CoinGecko, while a Cryptoquant index of the prices of the coins targeted as potential securities by the SEC has jumped 11%.

"For the first time, it seems like we have rules of the road for how to evaluate these tokens," said Ben Weiss, CEO of crypto ATM network CoinFlip.

The cheer spread throughout cryptoland, with bitcoin - which is generally considered a commodity rather than a security - touching a 13-month high after the ruling though it has since dropped back down below \$30,000.

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