

# MARKET UPDATE

**11/07/2023**

## **Dollar retreats to two-month low**

The U.S. dollar slipped to a two-month low in early European hours Tuesday on growing expectations that the U.S. Federal Reserve is nearing the end of its tightening cycle, while sterling hit a fresh 15-month high as wages continue to grow.

End of Fed tightening cycle in sight

The dollar has weakened after several Fed officials said on Monday that while the central bank will still likely need to raise interest rates further to bring down still-high inflation, the end to its current monetary policy tightening cycle is getting close.

An interest rate hike of 25 basis points later this month is largely priced in, and attention is now firmly on Wednesday's consumer price index release for June, which is expected to show the index rising at the slowest annual increase since March 2021.

A strong inflation number could lead to another hike being priced in for later in the year, leading to more dollar gains, but it appears an end is in sight for the Fed's more than year-long series of interest rate increases.

## **Oil rises on OPEC+ cuts, weaker dollar**

Oil prices edged higher on Tuesday, recouping some of the losses from the previous session, as traders focused on supply cuts by the world's biggest oil exporters Saudi Arabia and Russia and a weaker dollar.

Brent crude futures rose 31 cents, or 0.4%, to \$78 a barrel by 0626 GMT, and U.S. West Texas Intermediate crude was up 35 cents, or 0.5%, at \$73.34.

Supply cuts by the world's biggest oil exporters Saudi Arabia and Russia set for August helped to lift the benchmark prices, which were also supported as the U.S. dollar fell to a two-month low. A weaker dollar makes crude cheaper for holders of other currencies and often boosts oil demand.

"Oil has found a floor and the only thing ... that could break that is if U.S. inflation is scorching hot and the Fed is forced to tighten this economy into a recession," said Edward Moya, an analyst at OANDA.

While central bank officials said the U.S. Federal Reserve will likely need to raise interest rates further to bring down inflation, markets took comfort from indications the officials also think the current monetary policy tightening cycle was getting close to an end.



## Cryptoverse: Hungry exchanges fight for slice of American pie

Crypto platforms are vying for dominance in the United States, the world's biggest market, following a regulatory crackdown that's shaken the sector.

Coinbase (NASDAQ:COIN) and Binance.US, two of the largest crypto exchanges by market share among those operating in America, have lost ground this year. The former has fallen to about 51% as of June 18 from a high of 62% in January, while the latter has sunk to around 1.5% from 22% in March, according to data from Kaiko.

Both Binance and Coinbase have been sued by the U.S. Securities and Exchange Commission (SEC) for alleged securities laws violations, though deny wrongdoing. Their regulatory woes and others' have conspired with the collapse of Sam Bankman-Fried's FTX last year to conjure crypto chaos.

Rivals scent blood.

Kraken, Bitstamp and LMAX Digital - an institutional crypto exchange - have seen their market shares increase since the start of this year by as much as 5.66%, according to the Kaiko data, which represents the global market share of exchanges that operate in the United States.

Kraken has leapt to about 29%, leaving Binance.US in its wake.

"Dominance in the U.S. market is really important," said Ravi Doshi, co-head of trading at Genesis Trading. "The majority of the trading volume happens during U.S. trading hours because the most amount of capital is here and the most amount of interest from institutions is coming from the U.S."

Guy Hirsch, global managing director at Kraken, said the company had "dedicated significant time and resources to enhance the quality of its platform".

Bobby Zagotta, CEO of Bitstamp USA, said its recent growth was driven by a "flight to quality" in the marketplace. Bitstamp's global market share among exchanges operating in the U.S. has risen to about 9%.

Coinbase and LMAX declined to comment on the data, while Binance.US - the American affiliate of the world's largest crypto exchange - didn't respond to a request for comment.

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