MARKET UPDATE

29/09/2023

Asia FX muted as dollar, yield rally cools before inflation data.

Most Asian currencies moved little on Friday, but stemmed some recent losses as the dollar came off 10-month highs and Treasury yields stalled before key U.S. inflation data due later in the day.

Regional currencies were battered by a spike in the dollar and Treasury yields this week, after hawkish signals from the Federal Reserve ramped up concerns that U.S. interest rates will remain higher for longer.

A spike in yields also pushed up concerns over a looming recession, given that a sell-off in the bond market usually heralds such an event. Benchmark 10-year yields were at their highest since 2007.

Most risk-heavy assets logged steep losses this week, while the prospect of higher U.S. rates weighed heavily on Asian currencies, as the gap between risky and low-risk yields narrowed.

Oil heads for 2% weekly gain on tight U.S. supply.

Oil prices edged higher on Friday, and were headed for a gain of 2% for the week, driven by tight U.S. supply and expectations of strong fuel demand in China during the Golden Week holiday.

Front-month Brent November futures were up 42 cents, or 0.44%, to $95.80 per barrel at 0943 GMT, ahead of the contract's expiry later in the day. The more-liquid Brent December contract was up 33 cents, or 0.35%, at $93.43 per barrel.

U.S. West Texas Intermediate crude (WTI) gained 51 cents, or 0.56%, to $92.22 per barrel.

Brent futures touched their highest since November 2022 on Thursday, hitting an intra-day peak of $97.69 a barrel. Meanwhile, WTI hit its highest intra-day price since August last year at $95.03 a barrel.

A backdrop of tight supplies in the U.S. provided further price support, with storage at Cushing, Oklahoma, the delivery point for U.S. crude futures, already at its lowest since July 2022. [EIA/S]

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Credit Suisse sheds nearly 13% of workforce.

Credit Suisse has shed nearly 13% of its workforce in the past 12 months, underlining the turmoil at the bank that was taken over by cross-town rival UBS in a state-engineered rescue earlier this year.

The number of Credit Suisse employees fell to 33,968 at the end of June, from 38,908 at the end of June 2022, the bank said in its financial report published on Friday.

The pace of job losses accelerated during 2023, with 4,012 people leaving the bank in the first half of this year, up from 928 in the last six months of 2022.

The figures relate to Credit Suisse AG, the lender's core banking business. They do not apply to the services division, which employs roughly 10,000 people in areas like human resources and IT.

Some of the jobs lost could be people who left as part of Credit Suisse's own cost cutting plans before the takeover or who jumped ship as confidence in the lender collapsed.

Further jobs could be lost, with UBS saying in August it planned to cut 3,000 jobs in Switzerland alone at the enlarged bank.

A Credit Suisse spokesperson declined to comment on the breakdown between voluntary departures and job cuts, or how many jobs could be lost in future.