MARKET UPDATE

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Oil prices inch up despite tariff concerns.

Oil prices pared earlier losses to inch up during trade on Tuesday, despite concerns over a potential U.S. recession, the impact of tariffs on global growth and as OPEC+ sets its sight on ramping up supply.

Brent futures edged up 18 cents, or 0.3%, to $69.46 a barrel at 0640 GMT after falling in early trade. U.S. West Texas Intermediate crude futures rose 9 cents, or 0.1%, to $66.12 a barrel after previous declines as well.

Despite the market noise, Brent at around $70 a barrel is quite a strong support and oil prices may look to stage a technical bounce at current levels, said Suvro Sarkar, energy sector team lead at DBS Bank, adding that the OPEC+ supply response will continue to remain flexible depending on market conditions.

"If oil prices fall below the $70 per barrel mark for an extended period, output hikes may be paused in our opinion. OPEC+ will also keep a careful eye on Trump's Iran and Venezuela policies," he said.

"The U.S. has already taken back Chevron (NYSE:CVX)'s licence to operate in Venezuela and it remains to be seen whether Iran sanctions will be intensified. However, in the interim, worries about global growth amid policy uncertainties and trade wars will dominate."

Asian stocks slide.

Asian stocks fell sharply on Tuesday as a market selloff extended on mounting worries that a wide-ranging trade war could dent U.S. economic growth and lead to a recession, sending skittish investors to the safe-haven Japanese yen.

Investor concerns about the potential economic slowdown were exacerbated after President Donald Trump in a Fox News interview talked about a "period of transition" while declining to predict whether his tariffs would result in a U.S. recession.

Those comments and worries sapped risk sentiment, sending stocks sliding and weighing on the U.S. dollar and Treasury yields. [FRX/]

In Asia, stocks were battered across the board with Japan's Nikkei and Taiwan stocks hitting their lowest levels since September. Australia's benchmark index closed 0.8% lower having touched a seven-month low earlier in the day.

Dollar dithers as safety bid flows to the yen.

The yen was investors' safe harbour of choice on Tuesday, and it touched a five-month high as fears about a tariff-driven slowdown in U.S. economic growth have rattled U.S. stocks and the dollar.

The Nasdaq fell 4% overnight and the S&P 500 slid 2.7% as equities caught up with what bonds and currencies have been saying for weeks: U.S. growth is going to slow down.

The yen made a five-month peak of 146.55 per dollar before steadying around 147.24. China's yuan also rose, ticking 0.2% higher to 7.2426 per dollar.

Other moves in the foreign exchange market were more muted, and analysts noted that a lot of the shifts in currencies had already happened. The dollar is down more than 7% from a six-month high it hit in January versus the yen and the greenback's apparently dulled lustre as a safe-haven coincides with a big rally in the euro and a broader re-think of how tariffs and a trade war play out in FX markets.

The risk-sensitive Australian dollar was a modest loser on Monday and loitered around its 50-day moving average at $0.6266 on Tuesday. Sterling was holding on above its 200-day moving average at $1.2875 and the euro was steady just above $1.08.

The Canadian dollar and Mexican peso are actually stronger since U.S. President Donald Trump hit the two countries with 25% tariffs. Europe's common currency is riding high on German plans to borrow and spend on defence and infrastructure.

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