

Investments - Flash



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STRONG DOLLAR AND RECESSION RISKS WEIGH ON CRUDE OIL

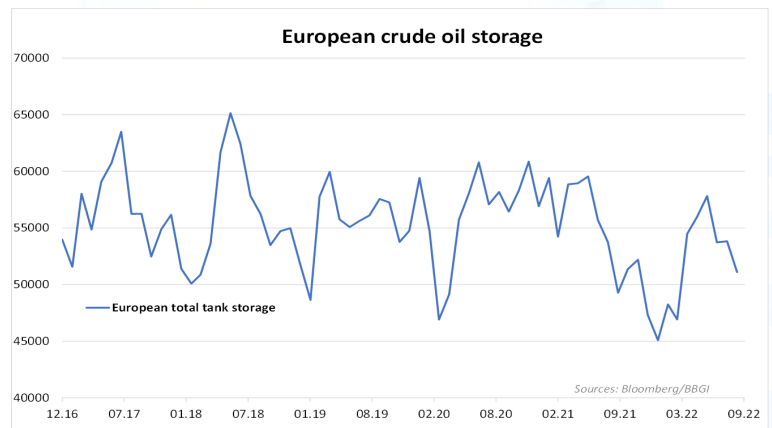
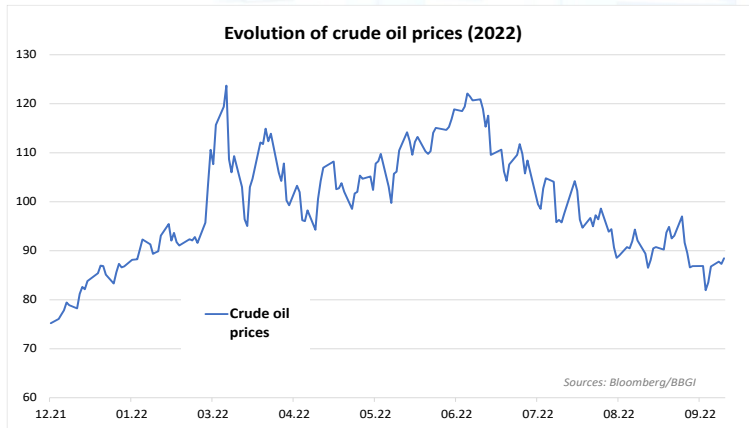
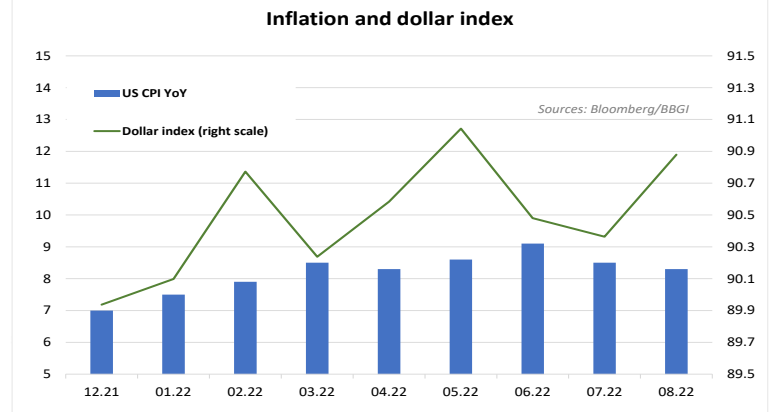
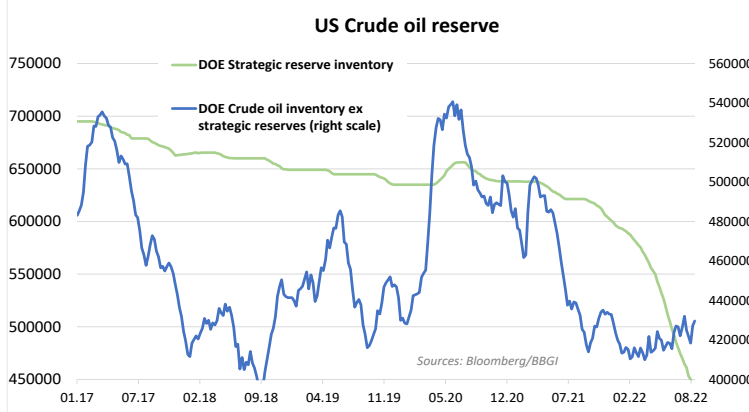
Positive factors for Europe and inflation before a recovery to \$100

The acceleration of the rise in US 10-year Treasury yields above 3.75% in recent days has further strengthened the dollar, which has now appreciated by 18% against all currencies this year. The appreciation of the dollar is weighing notably on the price of crude oil, which fell by -6% last week and down -35% since its peak in June. But it is also the risk of recession that is pushing oil a little lower, which is falling below the \$80 a barrel threshold.

The expectation of a collapse of global growth to less than +1% in 2022 is becoming increasingly strong. The convergence of economic weakness in China, Europe, the United States and the emerging markets is leading to fears of a drop in demand for crude oil. In the current inflationary context, such a development will support the expected decline in inflation.

In Europe, as temperatures cool down and remind us of the multiple risks of the approaching energy crisis, a drop in prices and a reduction in global demand appear to be unexpectedly positive factors. The market is thus logically concerned about the willingness of central banks to control inflation at the cost of a recession and a sharp rise in unemployment. OPEC is also concerned. It had announced a symbolic reduction in supply and could easily decide to reduce its production in the near future to stem the slide in the price of oil, even though strategic reserves and inventories remain particularly low.

European needs and the reality of the energy crisis this winter will soon boost the price of oil above 100 dollars a barrel.



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