War to cut Ukraine's GDP output by over 45% — WB

WASHINGTON — Ukraine's economic output will likely contract by a staggering 45.1% this year as Russia's invasion has shuttered businesses, slashed exports and rendered economic activity impossible in large swaths of the country, the World Bank (WB) said on Sunday.

The World Bank also forecast Russia's 2022 gross domestic product (GDP) output to fall 11.2% due to punishing financial sanctions imposed by the United States and its Western allies on Russia's banks, state-owned enterprises and other institutions.

The World Bank's "War in the Region" economic update said the Eastern Europe region, comprising Ukraine, Belarus and Moldova, is forecast to show a GDP contraction of 30.7% this year, due to shocks from the war and disruption of trade.

Growth in 2022 in the Central Europe region, comprising Bulgaria, Croatia, Hungary, Poland and Romania, will be cut to 3.5% from 4.7% previously due to the influx of refugees, higher commodity prices and deteriorating confidence hurting demand.

For Ukraine, the World Bank report estimates that over half of the country's businesses are closed, while others are operating at well under normal capacity. The closure of Black Sea shipping from Ukraine has cut off some 90% of the country's grain exports and half of its total exports.

The World Bank said the war has rendered economic activity impossible in many areas, and is disrupting agricultural planting and harvest operations.

Estimates of infrastructure damage exceeding $100 billion by early March — about two-thirds of Ukraine's 2019 GDP — are well out of date "as the war has raged on and caused further damage."

The bank said the 45.1% contraction estimate excludes the impact of physical infrastructure destruction, but said this would scar future economic output, along with the outflow of Ukrainian refugees to other countries.

The World Bank said the magnitude of Ukraine's contraction is "subject to a high degree of uncertainty" over the war's duration and intensity.

A downside scenario in the report, reflecting further commodity price shocks and a loss of financial market confidence triggered by an escalation of the war, could result in a 75% contraction in Ukraine's GDP and a 20% contraction in Russia's output.

This scenario would lead to a 9% contraction in the World Bank's Europe and Central Asia region of emerging market and developing economies — more than double the drop in the baseline forecast.

"The Russian invasion is delivering a massive blow to Ukraine's economy and it has inflicted enormous damage to infrastructure," Anna Bjerde, the World Bank's vice president for Europe and Central Asia, said in a statement.

"Ukraine needs massive financial support immediately as it struggles to keep its economy going and the government running to support Ukrainian citizens who are suffering and coping with an extreme situation."

The World Bank has already marshaled about $923 million in loans and grants for Ukraine, and is preparing a further support package of more than $2 billion.

"Rapid IMF and World Bank assistance has allowed Ukraine fiscal space to pay salaries for civilians, soldiers, doctors, and nurses, while also meeting its external debt obligations," US Treasury Secretary Janet Yellen, who oversees the US controlling share in the World Bank, told US lawmakers during a hearing last week. — ***Reuters***

Macron and Le Pen face French runoff with Europe-wide impact

PRESIDENT Emmanuel Macron is set to face his nationalist rival Marine Le Pen in the final round of the French election in a re-run of their 2017 contest that will reverberate across Europe.

Mr. Macron got 27.6% of the vote compared with 23.4% for Ms. Le Pen, according to interior ministry figures based on 97% of registered voters counted. Snap polls taken after voting ended gave the 44-year-old president a narrow advantage heading into a runoff on April 24. Three surveys showed him leading by at least 54% to 46% while others showed a narrower lead. European stock futures dropped on polls showing a tight race.

"The game isn't over yet," Mr. Macron told his supporters in a short speech on Sunday night.

While the president's perceived arrogance turns off many voters and helped Ms. Le Pen to frame him as "the president of the rich," he's made France a favored destination for foreign investors and pushed employment to the highest on record. He's also been at the forefront of efforts to halt the war in Ukraine, to deepen economic ties between European Union members and, as leader of the bloc's most powerful military, to forge a common defense policy.

All that may unravel if he's defeated by Ms. Le Pen.

"The debate we'll have in the next two weeks will be decisive for our country and for Europe," Mr. Macron said.

As the polls narrowed before the first round of voting, French equities, bonds and the euro all came under pressure on concern that a Le Pen presidency would make France less business friendly and more euroskeptic.

Mr. Macron had avoided explicit campaigning until close to the vote, instead, casting himself as a safe pair of hands during unstable times as he focused on the Ukraine crisis. His key asset heading into the election is a strong economic record.

Ms. Le Pen though campaigned hard across the country on the cost-of-living crisis, tapping into concern about inflation. Her supporters were buoyant on Sunday night, singing the French national anthem as the initial projections were released showing she'd eclipsed her first-round result from 2017.

"All of those who didn't vote for Emmanuel Macron today, of course, should join this movement," she told the cheering crowd. "I call on the French people from the left or the right, of whatever origin, to join this great national and popular movement."

"I am persuaded Marine Le Pen can win," said Jean-Paul Garraud, a lawmaker in the European Parliament who switched allegiance from France's traditional center-right party, the Republicans, to back the nationalist. "Macron is now on the defensive."

Republican candidate Valerie Pecresse, who got 4.8%, called on her supporters to back Mr. Macron in the second round, even as she criticized the president for driving voters toward Ms. Le Pen. Green leader Yannick Jadot, who got 4.6%, backed Mr. Macron as did a handful of other candidates.

Eric Zemmour, a former TV pundit convicted three times for hate speech who had also pitched for the far-right vote, urged his supporters to back Ms. Le Pen. Mr. Zemmour came fourth with 7.1%.

"The extreme right has a lot of support in our country," Mr. Macron's junior minister for Europe, Clement Beaune, said in an interview. "There is a battle to be won."

The critical pool is likely to be the 22% of voters who backed Jean-Luc Melenchon, the far-left firebrand who came third. In a concession speech, Mr. Melenchon told his supporters they should give "not one vote" to Ms. Le Pen but he did not endorse Mr. Macron. Ms. Le Pen's protectionist stance on economic issues has allowed her to reach some voters who have traditionally backed left-wing candidates and have been angered by Mr. Macron's support for business and investment.

"Melenchon's voters won't want Macron to be re-elected," Garraud said. "What will they do?"

A presidential debate scheduled for April 20, will be key. Ms. Le Pen's 2017 campaign was effectively sunk by a disastrous performance in that year's televised head-to-head and she has been working with advisers to ensure she's better prepared this time around.

Mr. Macron starts campaigning again on Monday, when he will visit northern France and sit for an interview on BFM TV in the evening. — ***Bloomberg***

Shanghai to lift lockdown in some areas despite rise in COVID cases

SHANGHAI — Authorities in China's financial center of Shanghai said they would start lifting lockdown in some areas from Monday, despite reporting more than 25,000 new COVID-19 infections, as they strive to get the city moving again after more than two weeks.

Shanghai has classed residential units into three risk categories, to allow those in areas without positive cases for a stretch of two weeks to engage in "appropriate activity" in their neighborhoods, city official Gu Honghui said.

"Each district will announce the specific names of the first batch (of communities) divided into the three types, and three subsequent lists will be announced in a timely manner," he told a news briefing.

That promises relief for some of the city's 25 million residents, many of whom struggled to find food and medicine after more than three weeks locked down in the battle on China's biggest outbreak since coronavirus was first discovered in central Wuhan in late 2019.

Mr. Gu said Shanghai had divided the city into 7,624 areas that are still sealed off, a group of 2,460 now subject to "controls" after a week of no new infections, and 7,565 "prevention areas" that will be opened up after two weeks without a positive case.

Those living in "prevention areas," though able to move around their neighborhoods, must observe social distancing and could find themselves sealed off again if there are new infections, he said.

Shanghai would make "dynamic" adjustments to the new system, Mr. Gu added, vowing greater efforts to minimize the impact of curbs on ordinary people in China's most populous city.

"We also hope all citizens and friends will continue to support and cooperate," he said.

Some criticized the move as a big risk at a time when Shanghai's caseload exceeds 25,000, however.

"I think the Shanghai government has a secret plan to infect the whole of the Chinese people," said one poster on the Weibo platform, using the name "The Star Broke the Ice."

Others said authorities had no choice.

"I think this is the Shanghai government admitting it cannot continue locking down while ensuring that its citizens don't starve to death," said another Weibo user, posting under the name Ruan Yi. — ***Reuters***

Oil slides on China lockdowns, release of reserves

OIL PRICES slid more than $2 a barrel on Monday, following a second straight weekly decline after world consumers announced plans to release a record volume of crude and oil products from strategic stocks and as China lockdowns continued.

Brent crude was down $2.32 or 2.3% at $100.46 a barrel by 0427 GMT, while US West Texas Intermediate (WTI) crude lost $2.37 or 2.4% to $95.89. Last week, Brent dropped 1.5% while US oil slid 1%. For several weeks, the benchmarks have been at their most volatile since June 2020.

The market has been watching developments in China, where authorities have kept Shanghai, a city of 26 million people, locked down under its "zero tolerance" policy for coronavirus disease 2019 (COVID-19). China is the world's biggest oil importer.

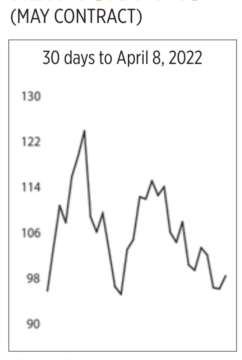
Concerns about China's growth was the main reason for the fall in oil prices today with Shanghai's lockdown showing no signs of being lifted and Guangzhou looking to start mass virus testing, said Jeffrey Halley, senior market analyst at OANDA.

ASIA-DUBAI
(APRIL CONTRACT)

DOLLARS PER BBL

April	4	5	6	7	8
$/bbl	101.79	105.29	103.75	97.35	98.05
Average (April 1-8)					**$101.31**
Average (Mar. 1-31)					**$110.90**

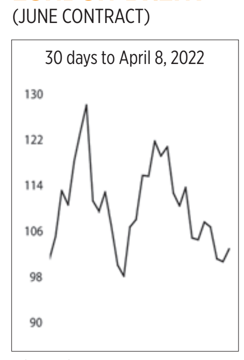
NEW YORK-WTI
(MAY CONTRACT)



DOLLARS PER BBL

April	4	5	6	7	8
$/bbl	103.28	101.96	96.23	96.03	98.26
Average (April 1-8)					**$99.17**
Average (Mar. 1-31)					**$108.26**

LONDON-BRENT
(JUNE CONTRACT)



DOLLARS PER BBL

April	4	5	6	7	8
$/bbl	107.53	106.64	101.07	100.58	102.78
Average (April 1-8)					**$103.83**
Average (Mar. 1-31)					**$112.32**

Source: REUTERS

"Fears are rising now that if China's Omicron wave spreads to other cities, its zero-COVID-19 policy will see mass extended lockdowns that negatively impact both industrial output and domestic consumption," he added.

Member nations of the International Energy Agency (IEA) will release 60 million barrels over the next six months, with the United States matching that amount as part of its 180 million barrel release announced in March. The moves are aimed at offsetting a shortfall in Russian crude after Moscow was hit with heavy sanctions following its invasion of Ukraine.

"We expect these Strategic Petroleum Reserve (SPR) volumes —about 273 million barrels in total and 1.3 million barrels per day (mbd) over the next six months — to go a long way in the short term toward offsetting the 1 mbd of Russian oil supply we expect to remain permanently offline," said JPMorgan analysts in a note.

However, it is unclear whether that will fully offset the shortfall in Russian oil as exports continued, with India, lured by steep discounts, increasing imports.

On Monday, President Joseph R. Biden, Jr. will meet virtually with Indian Prime Minister Narendra Modi, the White House said, at a time when the US has made it clear it does not want to see an uptick in Russian energy imports by India.

In the United States, energy firms last week added oil and natural gas rigs for a third week in a row as Washington seeks more production to help its allies wean themselves off Russian oil and gas. — ***Reuters***

Gold slips as rising Treasury yields bolster the greenback

GOLD PRICES slipped in range-bound trading on Monday as surging Treasury yields boosted the dollar and countered fresh concerns about the war in Ukraine, while palladium extended gains fueled by London's decision to block trading of the metal from Russia.

Spot gold was down 0.2% at $1,941.95 per ounce, as of 0452 GMT, after hitting a more than one-week high of $1,949.32 earlier in the day. US gold futures were flat at $1,945.70.

The US dollar index was up after topping 100 for the first time in nearly two years on Friday, bolstered by prospects of aggressive rate hikes by the US Federal Reserve to contain soaring inflation.

A stronger dollar makes gold less attractive for other currency holders.

The benchmark 10-year yield added another seven basis points to hit a more than three-year high of 2.77%, as the Fed readies to cut its asset holdings and move interest rates sharply higher.

Higher US interest rates and yields increase the opportunity cost of holding bullion, which is also used as a hedge against rising inflation.

Russian forces pounded targets in eastern Ukraine with missiles and artillery on Sunday, lending some support to the safe-haven metal.

Palladium was up 2.6% at $2,487.83 after hitting a more than two-week high earlier in the session.

The auto-catalyst metal had gained 8.6% on Friday after newly refined Russian platinum and palladium were suspended from trading in London, the metals' biggest trade hub.

Spot silver shed 0.2% to $24.69 per ounce, and platinum rose 0.5% to $979.97. — ***Reuters***

Shares skid, yields rise before ECB, US inflation test

SYDNEY — Shares slid and bond yields climbed on Monday as caution gripped markets ahead of central bank meetings and US inflation data, while the euro managed only a brief gain on relief the far right did not win the first round of French presidential elections.

French leader Emmanuel Macron and far right challenger Marine Le Pen qualified on Sunday for what promises to be a tightly fought presidential election runoff on April 24.

A Le Pen victory could send shockwaves through France and Europe in ways similar to Britain's vote in 2016 to leave the European Union (EU). The first round result was close enough to leave the euro barely changed at $1.0883, after an initial pop to $1.0950.

The mood in equity markets was cautious, with MSCI's broadest index of Asia-Pacific shares outside Japan falling 1.3%.

Japan's Nikkei dropped 0.7%, having shed 2.6% last week, while Chinese blue chips lost 2.4%.

S&P 500 stock futures eased 0.6% and Nasdaq futures 0.7%. EUROSTOXX 50 futures lost 0.8%, and FTSE futures 0.4%.

Earnings season kicks off this week with JPMorgan, Wells Fargo, Citi, Goldman Sachs and Morgan Stanley all due to report.

Up to now, Wall Street has fared surprisingly well in the face of a vicious sell-off in bonds which saw 10-year Treasury yield surge 31 basis points last week.

Yields were last up at a three-year high of 2.77%, and topped Chinese bond yields for the first time since 2010.

Markets have raced to price in the risk of ever-larger rate hikes from the Federal Reserve with futures implying rises of 50 basis points at both the May and June meetings.

BofA's economist Ethan Harris now expects half-point hikes at each of the next three meetings and a cycle peak around 3.25-3.50%.

All of which underlines the importance of the March US consumer price report on Tuesday where the median forecast is for a stratospheric rise of 1.2%, taking annual inflation to an eye-watering 8.5%.

China's inflation figures surprised on the high side on Monday and, while relatively modest at 1.5% year on year in March, still dented hopes for aggressive policy easing from Beijing.

Inflation will also be front and center for the European Central Bank (ECB) meeting on Thursday where the risk is for a hawkish slant to the statement.

Continuing the tightening theme, central banks in Canada and New Zealand could well raise rates by 50 basis points at their policy meetings this week.

The main casualty has been the yen as the Bank of Japan remains dedicated to keeping its policy super-loose and bond yields near zero. The dollar was up at ¥124.92, having gained 1.5% last week to just below its recent peak of ¥125.10.

In commodity markets, thermal coal was the stand out winner last week with a rise of almost 13% after the EU banned imports of Russian coal.

Gold managed a weekly gain of 1.1% but has been undermined by the huge rise in bond yields and was last flat at $1,942. — ***Reuters***

SPOT PRICES

FRIDAY, APRIL 8, 2022

METAL	
PALLADIUM free $/troy oz	2,454.98
PALLADIUM JMI base, $/troy oz	2,450.00
PLATINUM free $/troy oz	979.96
PLATINUM JMI base $/troy oz	975.00
KRUGGERAND, fob $/troy oz	1,942.00
IRIDIUM, whs rot, $/troy oz	5,090.00
RHODIUM, whs rot, $/troy oz	18,990.00
GRAINS (April 7, 2022)	
(FOB Bangkok basis at every Thursday)	
FRAGRANT (100%) 1st Class, $/ton	851.00
FRAGRANT (100%) 2nd Class, $/ton	820.00
RICE (5%) White Thai- $/ton	431.00
RICE (10%) White Thai- $/ton	428.00
RICE (15%) White Thai- $/ton	430.00
RICE (25%) White Thai- $/ton (Super)	430.00
BROKER RICE A-1 Super $/ton	425.00
FOOD	
COCOA ICCO Dly (SDR/mt)	1,801.79
COCOA ICCO $/mt	2,472.24
COFFEE ICA comp '2001 cts/lb	198.44
SUGAR ISA FOB Daily Price, Carib. port cts/lb	19.76
SUGAR ISA 15-day ave.	19.35

LIFFE COFFEE

New Robusta 10 MT - $/ton

	High	Low	Sett	Psett
May	2097	2063	2091	2064
July	2100	2067	2096	2066
Sept.	2097	2066	2094	2064
Nov.	2094	2063	2090	2058

LIFFE COCOA

(Ldn)-10 MT-£/ton

	High	Low	Sett	Psett
May	1806	1774	1804	1769
July	1824	1790	1822	1788
Sept.	1828	1801	1827	1801
Dec.	1822	1801	1821	1803

COCONUT

MANILA COPRA (based on 6% moisture)

Peso/100kg	Buyer/Seller
Lag/Qzn/Luc	6,150.00/6,200.00
Philippine Coconut Oil - Crude	
CIF NY/NOLA	101.00
FOB RAIL/NOLA	104.00
COCONUT OIL (PHIL/IDN),$ per ton, CIF Europe	
Apr./May'22	2,005.00/2,050.50
May/June'22	1,985.00/2,040.00
June/July'22	1,975.00/2,030.00
July/Aug.'22	1,970.00/2,020.00

LONDON METAL EXCHANGE

LME FINAL CLOSING PRICES, US$/MT

	3 MOS
ALUMINUM H.G.	3,385.00
ALUMINUM Alloy	2,745.00
COPPER	10,311.50
LEAD	2,384.50
NICKEL	33,698.00
TIN	43,600.00
ZINC	4,188.00