

MARKET UPDATE

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Asia FX muted ahead of Powell testimony

Most Asian currencies kept to a tight range on Monday as markets awaited more cues on U.S. monetary policy from a testimony by Federal Reserve Chair Jerome Powell, while a weaker-than-expected GDP forecast from China weighed on sentiment.

Cues on regional monetary policy are also due this week, with central bank meetings in Australia and Japan.

The yuan fell 0.1% after the Chinese government set a 2023 GDP target of 5% over the weekend. The figure was seen as lower than market expectations and highlighted a somewhat cautious stance by Beijing over an economic recovery this year.

China's offshore yuan fell 0.3%.

The GDP forecast offset some optimism over a Chinese economy recovery, after business activity grew at its fastest pace in over a decade in February after the lifting of anti-COVID restrictions.

Chinese trade and inflation data is due this week and is set to offer more cues on Asia's largest economy.

Dollar slips as investors await Powell testimony

The U.S. dollar was broadly lower on Monday as investors awaited testimony from Federal Reserve Chair Jerome Powell and looked towards a February jobs report at the end of the week that will likely influence how hawkish the U.S. central bank will be.

The dollar index, which measures the U.S. currency against six major peers, was 0.182% lower at 104.420. The index last week clocked a weekly loss for the first time since January.

After delivering jumbo hikes last year, the Fed has raised interest rates by 25 basis points in its latest two meetings, but a slew of resilient economic data has stoked market fears the central bank might return to its aggressive path.

Futures imply a 72% chance the Fed will raise interest rates by 25 basis points at its meeting on March 22.

The spotlight will be firmly on the February jobs report scheduled for Friday and Fed Chair Jerome Powell's testimony to congress on Tuesday and Wednesday.

Tesla cuts U.S. Model S and Model X prices between 4% and 9%

Tesla Inc has cut prices on its two most expensive electric vehicles in the United States, according to the company's website, days after Chief Executive Elon Musk said recent price cuts on other models had stoked demand.

The price cuts, Tesla (NASDAQ:TSLA)'s fifth adjustment since the start of the year, ranged from 4% on the performance version of the Model S to 9% on the more expensive Model X.

Musk has said repeatedly in recent months that Tesla would focus on bringing prices down to drive demand and that it had seen success in sparking orders with global discounts introduced in January.

"The desire for people to own a Tesla is extremely high. The limiting factor is their ability to pay for a Tesla," Musk said last week at Tesla's investor day.

Tesla did not immediately respond to a request for comment on the most recent price cuts.

Tesla slashed prices on its cars across all of its markets in January, offering discounts of up to 20% in what many analysts saw as the start of a price war by the electric vehicle market leader.

It has been adjusting prices since with a pace and frequency that goes beyond what established automaker's have attempted in an industry where a car's base price is still referred to as a "sticker price" on a vehicle in inventory.

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