

MARKET UPDATE

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Gold prices keep \$2,000 in sight as bank fears bring bumper quarter

Gold prices were flat on Friday, staying within sight of the key \$2,000 level after wild swings this week, although safe haven demand in the wake of a potential banking crisis put the yellow metal on course for a sharp rise this quarter.

Bullion prices flirted with the \$2,000 level for most of this week, before staging a rally on Thursday after higher-than-expected U.S. jobless claims pointed to further cooling in the jobs market, which in turn could spur a drop in inflation.

This limits the economic headroom afforded to the Federal Reserve in raising interest rates, which in turn bodes well for non-yielding assets such as gold.

Gold prices shot up through March as fears of a banking crisis saw investors pile into traditional safe haven assets, chiefly the yellow metal.

While government intervention now appears to have stemmed the possibility of a bigger lending crisis, the collapse of several U.S. banks saw investors begin pricing in a less hawkish Fed, on bets that the central bank will try to avoid more pressure on the economy.

European stock futures flat; Eurozone inflation release looms large

European stock markets are expected to open largely unchanged Friday, with investors digesting mixed Chinese activity ahead of the release of key inflation data on both sides of the Atlantic.

European equities are set to trade in a cautious manner as the week, month and first quarter come to a close, with investors seeking clarity over the strength of the recovery in China after the lifting of its COVID-19 restrictions as well interest rate outlooks in the U.S. and Europe.

Purchasing managers' index data, released earlier Friday, showed that while Chinese service sector activity grew at its fastest pace in 12 years in March, manufacturing activity slowed from the prior month, pointing to an uneven recovery in Asia's largest economy and a major export market for European companies.



Asian shares ride high in Q1 but keep vigil on inflation

Asian shares were headed for a second quarterly gain on Friday while bonds were enjoying the best month since 2008, but the market was braced for a stormy session after an upside surprise in German CPI raised the stakes for U.S. inflation data.

Also making headlines on Friday, Donald Trump was indicted after a probe into hush money paid to porn star Stormy Daniels, becoming the first former U.S. president to face criminal charges even as he makes another run for the White House.

The buoyant mood is likely to run into resistance in Europe, with caution setting in ahead of the euro zone inflation data. The pan-region Euro Stoxx 50 futures was flat, while S&P 500 futures eked out a gain of 0.2%.

In Asia, MSCI's broadest index of Asia-Pacific shares outside Japan gained 0.7% on Friday, heading for its first March gain in four years with a rise of 2.5%, as fears of a global banking crisis receded.

It is on course for a quarterly gain of 3.6%, after surging 12% in the three months that ended in December.

Japan's Nikkei also leaped 1%, as inflation data for the capital Tokyo highlighted broadening price pressures.

China's blue chips rose 0.2%, while Hong Kong's Hang Seng Index was last up 0.6%, after China's PMI data showed that the recovery in the services sector was gathering pace and manufacturing activity expanded faster than expected.

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