

MARKET UPDATE

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Oil falls as weak US economic data stokes recession fears

Oil fell on Thursday as weak U.S. economic data raised concerns over a potential global recession and demand reduction, but benchmark prices were headed for a weekly advance after OPEC+ announced further output cuts and U.S. oil stocks dropped.

Brent crude futures fell 41 cents, or 0.5%, to \$84.58 a barrel by 0616 GMT. West Texas Intermediate U.S. crude dipped 45 cents, or 0.6%, to \$80.16 a barrel.

Brent and WTI have both gained nearly 6% so far this week, headed towards three straight weeks of increase after the Organization of the Petroleum Exporting Countries and allies including Russia, a grouping known as OPEC+, pledged voluntary production cuts.

"Crude oil's rally paused as it battled the headwinds created by the weak economic data. This offset more positive fundamentals," ANZ Research said in a note.

The U.S. services sector slowed more than expected in March as demand cooled, while a measure of prices paid by services businesses fell to the lowest in nearly three years, giving the Federal Reserve a boost in the fight against inflation.

European stock futures mixed

European stock markets are expected to open in a muted manner Thursday, with risk sentiment hit as investors fret about a global economic slowdown.

At 02:00 ET (06:00 GMT), the DAX futures contract in Germany traded 0.1% higher, the FTSE 100 futures contract in the U.K. rose 0.2%, while CAC 40 futures in France dropped 0.2%.

Trading ranges are expected to be tight in Europe ahead of the Good Friday holiday when the U.S. will release the widely watched monthly nonfarm payrolls data.

European equities had a strong start to the year, but sentiment seems to be weakening amid concerns a cooling U.S. economy could lead the rest of the world into recession.

Data released Wednesday showed that the U.S. services sector slowed more than expected in March, adding to signs of a cooling labour market after U.S. job openings dropped to their lowest in nearly two years in February.

Dollar rises cautiously ahead of key non-farm payrolls data

The dollar crept higher on Thursday but stood near a two-month low as traders weighed how pivotal U.S. jobs data coming out on a stock trading holiday would impact Federal Reserve policy, after a raft of data this week pointed to a cooling economy.

The closely watched U.S. non-farm payrolls report on Friday, when many markets globally are closed, will follow disappointing services sector data from the Institute for Supply Management (ISM) and private employment figures on Wednesday, as well as a slump in U.S. March manufacturing activity at the start of the week.

While the slew of sluggish economic data has caused traders to scale back bets on how much longer U.S. rates would need to stay in restrictive territory, it has simultaneously reignited recession fears.

That has put a lid on risk appetite and sent traders in search of some safe haven assets.

The U.S. dollar index was up 0.14% at 102.01, having slid to a two-month trough of 101.40 in the previous session.

The Japanese yen also found some support from safe haven bids and was last roughly 0.1% higher at 131.20 per dollar.

Meanwhile, the risk-sensitive Australian and New Zealand dollars slid 0.39% and 0.38%, respectively.

"Weak economic data continues to weigh in on investor sentiment, triggering a flight-to-safety bid," analysts at Westpac said in a note to clients.

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