

MARKET UPDATE

10/04/2023

Oil steady as investors weigh tighter supply vs. growth outlook

Oil prices were roughly unchanged on Monday as investors weighed the prospect of tighter supplies from OPEC+ producers from May against concerns about weakening global growth that may dampen fuel demand.

Brent crude futures slipped 5 cents to \$85.07 a barrel by 0237 GMT, while U.S. West Texas Intermediate crude was at \$80.72 a barrel, up 2 cents.

Both contracts rose for a third straight week last week, returning to levels last seen in November, after the Organization of the Petroleum Exporting Countries and their allies surprised investors by announcing more production cuts that will start in May.

The group known as OPEC+ will be cutting mostly sour crude supplies from Middle East producers led by Saudi Arabia.

Asian shares muted, dollar buoyant on odds of rate rise

Asian shares inched higher, while the dollar started the week on the front foot after U.S. jobs data pointed to a tight labour market, firming up expectations that the Federal Reserve will again raise interest rates at its meeting next month.

MSCI's broadest index of Asia-Pacific shares outside Japan was 0.12% higher, while Japan's Nikkei gained 0.5%. Australian, Hong Kong and European markets are closed for Easter.

E-mini futures for the S&P 500 eased 0.02%, while the rate-sensitive Nasdaq was poised for a lower open with Nasdaq 100 e-minis down 0.25%.

China shares slipped on Monday, with the blue chip CSI300 Index 0.32% lower, while the Shanghai Composite Index slipped 0.16% amid rising geopolitical tensions around the Taiwan Strait.

China announced three days of drills on Saturday, after Taiwan's President Tsai Ing-wen returned to Taipei following a meeting in Los Angeles with U.S. House of Representative Speaker Kevin McCarthy.



Indonesia to propose limited free trade deal with US on critical minerals

Indonesia will propose a free trade agreement for some minerals shipped to the United States so that companies in the electric vehicle battery supply chain operating in the country can benefit from U.S. tax credits, a senior minister said on Monday.

Washington has issued a new guidance for EV tax credits under the Inflation Reduction Act (IRA), requiring a certain value of battery components to be produced or assembled in North America or a free trade partner.

Indonesia does not have a free trade agreement with the United States, but its nickel products have increasingly become important in the battery supply chain.

The Southeast Asian country has been trying to leverage its nickel reserves, the world's biggest, to attract investment from battery and EV makers, including U.S. companies such as Tesla (NASDAQ:TSLA) and Ford.

Asked about the new IRA guidelines, Indonesian minister Luhut Pandjaitan, who has been spearheading efforts to attract U.S. companies, told a news conference Jakarta will propose a limited free trade agreement (FTA) with Washington.

"We do not have an FTA with them. Now we're proposing a limited FTA with them," Luhut said, adding that he would meet with Ford and Tesla executives to discuss the matter when he travels to the United States later this week.

Luhut's deputy, Septian Hario Seto, said the FTA proposal, which was still at an early stage, will likely be similar to the one the United States has signed with Japan for the critical mineral trade.

Important Note: The information found on Ausprime platform is intended only to be informative, is not advice nor a recommendation, nor research, or a record of our trading prices, or an offer of, or solicitation for a transaction in any financial instrument and thus should not be treated as such. The information provided does not include any specific investment objectives, financial situation and needs of any specific person who may receive it. The past performance is not a reliable indicator of future performance and/or results. Past Performance or Forward-looking scenarios are not a guarantee of future performance. Actual results may differ materially from those anticipated in forward-looking or past performance statement

