MARKET UPDATE

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Dollar edges higher; remains near two-month low after U.S. CPI

The U.S. dollar edged higher in early European trade Thursday, but remained under pressure after cooler-than-expected inflation data raised the possibility of an early end to the Federal Reserve's rate-tightening cycle.

At 02:00 ET (06:00 GMT), the dollar index, which tracks the greenback against a basket of six other currencies, traded 0.1% higher at 101.243, just above the two-month low of 101.138 seen earlier in the session after sinking 0.6% overnight.

U.S. consumer prices edged 0.1% higher in March, data showed Wednesday, resulting in an annual increase of 5.0%, the smallest 12-month gain since May 2021.

This was below the 5.2% expected, but underlying inflation pressures remained strong, with core CPI, which excludes volatile food and energy prices, rising 5.6% on an annual basis, up from 5.5% the prior month.

Gold pushes higher as inflation eases

Gold prices rose in Asian trade on Thursday as softer-than-expected U.S. inflation data spurred bets on an early rate-hike pause by the Federal Reserve, while growing fears of a recession also supported safe haven buying.

The yellow metal pushed further above the $2,000 mark this week and was now about $50 away from a 2020 record high. Softer-than-expected U.S. consumer inflation data was the trigger for gold's latest rally, as markets began pricing in the possibility that the Fed will pause its rate hike cycle as soon as June.

The minutes of the Fed's March meeting showed that policymakers were considering a pause in rate hikes. But they were also wary of a "mild recession" later this year, in the wake of a banking crisis and as rising interest rates chip away at economic growth.

Spot gold rose 0.1% to $2,017.86 an ounce, while gold futures rose 0.4% to $2,032.05 an ounce by 22:44 ET (02:44 GMT). Both instruments were set for a third straight day of gains.

The collapse of several U.S. banks in March triggered a month-long rally in gold, as traders rushed into traditional safe havens.

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Alibaba shares slide on report that Softbank plans to slash stake

Hong Kong-listed shares of Alibaba Group Holding Ltd (HK:9988) (NYSE:BABA) fell sharply on Thursday after a report said that SoftBank Group Corp (TYO:9984) plans to offload almost its entire stake in the e-commerce giant, as the Japanese investment house struggles with a severe rout in its technology investments.

The sale will cut Softbank's share in Alibaba Group to just 3.8%, the Financial Times reported on Wednesday, citing an analysis of regulatory filings with the Securities and Exchange Commission.

Alibaba's shares slumped as much as 4% in Hong Kong trade to HK$92.20, also spurring a nearly 1% loss in the broader Hang Seng index. Softbank's shares were flat, while the Nikkei 225 index inched 0.1% higher.

Softbank's sale comes after the investment house offloaded about $7.2 billion worth of Alibaba shares this year, which was preceded by a record $29 billion selldown in 2022. The firm had at one point controlled as much as 34% of Alibaba.

Alibaba has served as a sole bright spot in Softbank's portfolio, with the share sales coming largely to generate cash as the investment firm navigates a severe downturn in its technology holdings over the past year.