

MARKET UPDATE

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Dollar under pressure as traders wait on loans data

The dollar began the week under pressure on Monday, with traders betting it might have peaked along with U.S. interest rates and selling it against peers that seem to have hikes ahead, though with a wary eye on looming inflation and loans data.

Sterling, hovering at an 11-month high of \$1.2652, was also in focus ahead of an expected Bank of England rate increase on Thursday that markets do not think will be the last.

The euro, which has rallied nearly 16% from September lows, was up 0.2% to \$1.1042 though it has not been able to punch through resistance at \$1.11. The Australian dollar hit a three-week high and rose 0.4% to \$0.6774.

The yen held steady at 134.75 per dollar.

Last week the Federal Reserve raised rates by 25 basis points but sounded slightly more cautious than peers on the outlook, dropping guidance about the need for future hikes.

U.S. interest rate futures are pricing about a one-third chance of a rate cut as soon as July, according to the CME FedWatch tool - even though stronger-than-forecast U.S. jobs data released on Friday suggests that might be premature.

Asia FX drifts lower, dollar weakens

Most Asian currencies moved in a flat-to-low range on Monday as robust U.S. labour data fuelled expectations that the Federal Reserve will keep interest rates higher for longer, although the dollar weakened amid uncertainty ahead of key inflation data this week.

The Chinese yuan fell 0.1% and remained close to breaching the 7 level as focus also turned to Chinese trade and inflation indicators this week. Markets are watching for any more cues on a Chinese economic recovery, after business activity readings for April pointed to a slowing rebound.

Analysts also expect weakness in Chinese imports and inflation to have persisted in April, pointing to a sluggish recovery even as the country relaxed most anti-COVID restrictions earlier this year.

The rate-sensitive South Korean won fell 0.2%, as did the Taiwan dollar. The Japanese yen rose 0.1%, buoyed by some safe haven demand. Data also showed that Japanese service sector activity grew at a record pace in April, pointing to some resilience in Asia's second-largest economy.



Binance pauses Bitcoin withdrawals again

Binance, the world's largest cryptocurrency exchange, paused Bitcoin withdrawals for the second time in about 12 hours on Monday, citing congestion on the blockchain due to a high volume of pending transactions.

The step was taken due to a "large volume of withdrawal transactions from Binance still pending," Binance said on Twitter, as the exchange did not anticipate a recent surge in Bitcoin gas fees.

Gas fees are a cost paid by users of a blockchain to its validators every time they wish to transact on the network. Bitcoin recently saw a spike in gas fees amid increased interest in a new token standard, BRC-20, which spurred the launch of several new memecoins this year.

Binance had earlier on Sunday suspended withdrawals for about an hour, citing congested networks. Other major crypto exchanges such as Coinbase (NASDAQ:COIN) and Kraken had not announced any pauses in withdrawals.

BRC-20, which was launched earlier this year by a coder known as "Domo", allows users to deploy new tokens on the Bitcoin blockchain. This in turn saw the rise of several new memecoins, sparking a speculative trading frenzy where users raced to be early buyers in a new wave of tokens.

This resulted in increased trading activity on the Bitcoin blockchain, pushing gas fees to near two-year highs. But it also saw traders fall prey to a slew of new pump-and-dump schemes, a recurring incident in crypto markets.

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