

# MARKET UPDATE

**30/05/2023**

## **Gold at over 2-mth low amid debt deal cheer**

Gold prices fell slightly on Tuesday, sticking to more than two-month lows amid optimism over a debt ceiling deal and as expectations of more interest rate hikes by the Federal Reserve spurred flows into the dollar.

The yellow metal tumbled from record highs hit earlier this month as a string of hawkish signals from Fed officials saw investors pivot into the dollar. This also saw gold see little buying even as sentiment worsened amid uncertainty over a U.S. debt default.

But with policymakers now signalling that they had reached a tentative agreement to raise the debt ceiling and avert a potentially crippling default, gold faces even more pressure amid improved appetite for risk-driven assets. U.S. stock futures rose in late-Monday trade, as did Asian and European stock markets.

Spot gold fell 0.2% to \$1,941.51 an ounce, while gold futures fell 0.2% to \$1,959.50 an ounce by 20:26 ET (00:26 GMT). Both instruments were close to their lowest levels since mid-March.

Focus this week is now on more U.S. economic cues, particularly nonfarm payrolls data for May, to gauge just how much more the Fed could potentially hike rates. Data last week showed that the Personal Consumption Expenditures price index - the Fed's preferred inflation gauge - unexpectedly rose in April, indicating that inflation remained sticky.

## **Oil reverses course as economic uncertainty offsets debt deal**

Oil prices reversed early gains to trade lower on Tuesday as fears of more interest rate hikes by the Federal Reserve and slowing economic growth largely offset optimism over raising the U.S. debt ceiling.

Anticipation of more economic cues from major oil importer China also kept traders on edge, ahead of key manufacturing and service sector data for May due on Wednesday.

Crude markets settled slightly higher after a choppy session on Monday, aided largely by the diminishing prospect of a U.S. debt default after lawmakers flagged a tentative deal to raise the spending limit.

But fears of a more hawkish Fed, especially after hotter-than-expected inflation data released late last week, kept sentiment cautious. A stronger dollar also limited any major gains in crude.



## Binance Australia customers seen selling bitcoin at discount to rival exchanges

Bitcoin prices on the Australian arm of Binance, the world's largest crypto-currency exchange, were almost A\$9,000 lower than prices on rival exchanges on Tuesday, in a sign customers were seeking to exit their positions quickly.

The price of the world's biggest cryptocurrency, bitcoin, was at around A\$34,000 (\$23,062.20) on Binance Australia, compared with A\$43,000 on BTC Markets, an Australia-based cryptocurrency exchange.

Bitcoin was quoted at \$27,790 outside Australia.

Binance did not immediately respond to Reuters request for comment.

Earlier this month, the Binance unit said some customers in Australia will not be able to deposit or withdraw money after a third-party service provider cut off its service.

Binance has been battling regulatory suits and probes around the world. The company said in April it would close its Australian derivatives business after relinquishing a financial services licence amid a regulatory probe into its operations.

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