

MARKET UPDATE

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Asian stocks rise on Wednesday following positive Australian data and strength on Wall Street

Most Asian stocks rose on Wednesday following positive Australian data and strength on Wall Street, although anticipation of more cues on monetary policy and key Chinese economic readings kept investors on their toes.

Wall Street indexes closed stronger on Tuesday as better-than-expected durable goods and new home sales data pointed to some resilience in the U.S. economy. Heavyweight technology stocks also rose sharply.

This optimism spilled over into Asian trade, with Japan's Nikkei 225 index up 1.4%, buoyed by gains in financial and industrials. The index, along with the broader TOPIX, was once again moving back towards 33-year highs, after seeing some profit taking over the past week.

Australia's ASX 200 index was among the best performers for the day, up 1.1% after data showed that consumer inflation sank to a 13-month low in May, ramping up hopes that the Reserve Bank will pause its rate hike cycle. But core inflation still remained elevated.

Oil steadies as U.S. inventories shrink

Oil prices edged higher on Wednesday after industry data showed a larger-than-expected drawdown of U.S. inventories signalling robust demand from the world's biggest oil consumer, but the gains were limited by worries over interest rate hikes.

Brent crude futures rose 51 cents, or 0.71%, to \$72.77 a barrel at 0346 GMT, while U.S. West Texas Intermediate (WTI) futures gained 50 cents, or 0.74%, to \$68.20 a barrel.

Both contracts had fallen by about 2.5% in the previous session on signals that central banks may not be done with interest rate hikes.

"Tuesday's slump took Brent and WTI close to support levels that have held through the price dives of the past couple of months," said Vandana Hari, founder of oil market analysis provider Vanda (NASDAQ:VNDA) Insights. "The floor is being tested again - whether it holds, remains to be seen."

Brent's six-month spread - a price structure in which sooner-loading contracts trade above later-loading ones - was at its lowest in six months.



Gold steadies in anticipation of an address by Federal Reserve

Gold prices moved little on Wednesday, hovering near three-month lows as anticipation of an address by Federal Reserve Chair Jerome Powell, as well as a reading on the central bank's preferred inflation gauge kept traders on edge.

Copper prices, meanwhile, fell further as data from China pointed to worsening economic conditions in the world's largest copper importer.

Spot gold was flat at \$1,915.24 an ounce, while gold futures steadied at \$1,924.10 an ounce by 00:56 ET (04:56 GMT).

Gold appeal limited as risk appetite improves ahead of Powell speech

Bullion's appeal as a safe haven asset was also dented amid some improvement in risk appetite, following positive economic indicators from the U.S., which showed some resilience in capital goods and the housing market.

This weighed on the yellow metal ahead of an address by Powell at a European Central Bank forum later on Wednesday, with the Fed chair widely expected to offer more cues on monetary policy.

Powell had largely stuck to his hawkish stance during a two-day testimony before Congress last week, flagging at least two more interest rate hikes this year to curb high inflation.

More cues on U.S. inflation are also due this week, with the personal consumption expenditures price index for May due on Friday. The index is the Fed's preferred inflation gauge, and is expected to remain steady after unexpectedly rising in April.

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