

MARKET UPDATE

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Gold prices dip, copper hits 3 month high.

Gold prices edged lower on Tuesday, although futures remained largely ahead of spot rates, while copper prices were underpinned by growing expectations of more stimulus measures in China.

December futures for the yellow metal cleared the closely-watched \$2,000 an ounce level on Monday, amid increasing bets that the Federal Reserve will wind down its hawkish stance by the end of the year.

But uncertainty over the near-term outlook for the central bank - especially ahead of key U.S. payrolls data this week - kept spot gold prices trading well behind futures.

Copper crosses \$4 as China talks stimulus

Among industrial metals, copper futures crossed the \$4 a pound level for the first time in over three months, as optimism over more stimulus measures in China largely offset weak economic indicators from the country.

The red metal paused in early trade on Tuesday, with futures falling 0.1% to \$4.0113 a pound.

Chinese officials hinted that more stimulus measures were on tap in the coming months, helping markets look past data that showed business activity in the world's largest copper importer slowed sharply through July.

Asia stocks near 16-month peak.

Asian stocks edged toward a sixteen-month peak on Tuesday and oil held near recent highs as investors began to find more cause for cheer over global economic prospects than reasons to worry, even as data showed risks remain.

The dollar hit a three-week high against the yen as investors continued to seek clarity on the Bank of Japan's recent adjustment to its yield curve control and what that might mean for monetary policy.

The Aussie dollar, meanwhile, eased slightly heading into a central bank policy decision, with traders laying about 30% odds on a quarter-point rate hike.

MSCI's broadest index of Asia-Pacific shares rose 0.25%, heading back toward the high reached Monday, which was its strongest level since April of last year.

Oil holds near three-month high.

Oil prices were little changed on Tuesday, trading near a three-month high reached on Monday, on signs of tightening global supply, as producers implement output cuts, and strong demand in the United States, the world's biggest fuel consumer.

Brent crude futures for October were at \$85.25 a barrel at 0402 GMT, down 18 cents or 0.2% lower from its close. Front-month Brent settled at its highest since April 13 on Monday.

U.S. West Texas Intermediate crude was at \$81.64 a barrel, down 0.2% or 16 cents from the previous session's settlement, which was its highest since April 14.

"Oil prices may face a correction risk as the markets may have been overbought in the past month. However, a softened U.S. dollar and China's policy optimism may continue to provide bullish factors to crude futures," said Tina Teng, an analyst at CMC Markets, as a weaker greenback makes dollar-priced oil cheaper for holders of other currencies.

Chinese authorities released additional policy guidelines on Monday - though without concrete measures - to boost its economy and domestic consumption, after manufacturing activity fell for a fourth month in July.

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