

MARKET UPDATE

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Asia FX rises as dollar, yields cool on weak PMI data.

Most Asian currencies rose on Thursday, taking some relief from weakness in the dollar and Treasury yields as focus remained largely on more cues on U.S. monetary policy from the Jackson Hole Symposium.

Weak purchasing managers' index data saw the dollar fall from an over two-month peak in overnight trade, while Treasury yields also retreated from multi-decade highs.

This offered some relief to Asian currencies, which were otherwise battered by a sharp rise in the dollar and yields over the past three weeks.

The beleaguered Japanese yen was among the main benefactors of this trade, breaking below the 145 level for the first time in nearly 10 days. The currency also recovered from a near 10-month low.

The rate-sensitive South Korean won rose 0.4% as the Bank of Korea kept interest rates steady for a fourth straight month, while the Indian rupee rose sharply from near record-low levels.

Gold prices hit 2-week high.

Gold prices rose to a two-week high on Thursday as weaker-than-expected U.S. business activity data spurred bets that the Federal Reserve will have limited headroom to keep raising interest rates.

Prices were up for a fifth straight session, recovering further from a five-month low hit earlier in August as the dollar and Treasury yields retreated from recent peaks. Spot gold also comfortably retook the key \$1,900 an ounce level.

But traders still remained on edge ahead of the Jackson Hole Symposium, which begins later in the day, and is expected to offer more cues on U.S. monetary policy.

Spot gold rose 0.3% to \$1,920.67 an ounce, while gold futures expiring in December rose 0.1% to \$1,948.75 an ounce by 00:07 ET (04:07 GMT).

The dollar fell sharply from a two-month high in overnight trade, while Treasury yields fell from multi-decade peaks as purchasing managers' index data showed that U.S. business activity barely grew in August.

The reading spurred bets that worsening economic conditions in the U.S. will give the Fed little headroom to hike rates further - a scenario that could offer some relief to metal markets.

Oil down on weak economic data.

Oil prices eased on Thursday amid disappointing economic data from key economies and as investors await a speech by U.S. Federal Reserve Chair Jerome Powell on Friday for clues on interest rates.

Brent crude fell 19 cents, or 0.2%, to \$83.02 a barrel by 0619 GMT, while U.S. West Texas Intermediate crude dropped 24 cents, or 0.3%, to \$78.65 a barrel.

Manufacturing data from a host of purchasing managers' index (PMI) surveys on Wednesday painted a grim picture of the health of economies across the globe, raising demand concerns, analysts said.

Japan reported shrinking factory activity for a third straight month in August. Euro zone business activity also declined more than expected, particularly in Germany. Britain's economy looked set to shrink in the current quarter, leaving it in danger of falling into recession.

U.S. business activity approached the stagnation point in August, with growth at its weakest since February.

Meanwhile, Federal Reserve officials and policymakers from the European Central Bank, the Bank of England and the Bank of Japan head to Jackson Hole where higher-for-longer interest rate talk may dominate despite a dip in inflationary pressures.

The downward pressure on oil prices is largely due to concerns surrounding a potential decrease in demand and rising supply of oil on top of downbeat PMI readings, said Sugandha Sachdeva, executive director and chief strategist at Acme Investment Advisors.

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