

MARKET UPDATE

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Dollar stabilizes after weak JOLTS data.

The U.S. dollar edged higher in early European trade Wednesday, stabilizing after the previous session's sharp declines as investors look for clues on the path for Federal Reserve policy.

The greenback slumped on Tuesday, pulling back sharply from a near three-month high, as markets bet after the release of data showing JOLTS job openings fell to a 2-1/2 year low in July, prompting traders to pare bets for further interest rate hikes by the Federal Reserve this year.

The Fed is widely expected to pause on another interest rate hike next month, but Chair Jerome Powell said at the end of last week that the central bank officials stand ready to raise rates further as required depending on the economic data.

There is more U.S. labor data to digest later Wednesday, in the form of ADP private payrolls, while the second reading of the latest GDP data is expected to show that the U.S. economy grew 2.4% in the second quarter, an improvement from 2.0% the prior quarter.

Asian shares hit two-week high.

Asian equities rose on Wednesday for a third straight day to their highest in two weeks, while the dollar wobbled as weak U.S. labour data bolstered bets that the Federal Reserve was likely done with its interest rate hikes.

MSCI's broadest index of Asia-Pacific shares outside Japan rose as much as 1% to touch its highest since Aug. 14, before easing to a gain of 0.53%. The index though is down about 6% so far in August and set for its worst monthly performance since February.

Futures indicated the exuberant mood was set to continue in Europe. The Eurostoxx 50 futures rose 0.39%, German DAX futures were up 0.29% and FTSE futures were up 0.31%.

Inflation reports from Germany and Spain due later in the day will test investors' risk appetite and set the stage for euro zone consumer price data on Thursday.

Overnight, Wall Street ended sharply higher, while Treasury yields slid to three-week lows after data showed U.S. job openings dropped to the lowest in nearly 2-1/2 years in July, signalling easing labour market pressures.



Oil rises on large US stockpile draw.

Oil prices extended gains on Wednesday after industry data showed a large draw in crude inventories in the U.S., the world's biggest fuel consumer, and as concerns about a hurricane in the Gulf of Mexico kept investors on edge.

Brent crude futures for October climbed 29 cents, or 0.34%, to \$85.78 a barrel by 0635 GMT. The October contract expires on Thursday and the more active November contract was at \$85.22 a barrel, up by 31 cents.

U.S. West Texas Intermediate crude futures rose 37 cents, or 0.46%, to \$81.53, logging its fifth session of gains.

Both benchmarks rallied more than a dollar on Tuesday as the U.S. dollar slid after prospects of further interest rate hikes eased following softer U.S. job data.

U.S. crude stocks declined by about 11.5 million barrels in the week ended Aug. 25, according to market sources citing American Petroleum Institute figures on Tuesday. Analysts polled by Reuters prior to the data had estimated on average a draw of 3.3 million barrels.

The bigger-than-expected draw in U.S. crude oil stockpiles is positive for the oil market as it suggest firm demand, said Toshitaka Tazawa, an analyst at Fujitomi Securities Co Ltd.

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