

# MARKET UPDATE

07/09/2023

## Dollar shines on robust US economy.

A buoyant dollar pushed the yen to a 10-month trough on Thursday and kept the euro and sterling pinned near three-month lows, as investors placed their faith in a still-resilient U.S. economy even amid a dour global growth outlook.

A lower-than-expected fall in China's exports and imports numbers in August did little to lift investors' spirits, as they remain on the lookout for further support measures from Beijing to shore up the economy and revive market confidence.

The greenback scaled a fresh top of 147.875 yen in early Asia trade, its highest since last November.

Against a basket of currencies, the dollar rose 0.05% to 104.91, holding on to some of its gains from the previous session after scaling a six-month peak as the U.S. services sector unexpectedly gained steam in August.

The euro was last 0.09% lower at \$1.0718, after having fallen to its lowest since June on Wednesday. Sterling slipped 0.06% to \$1.2500, having also bottomed at a three-month trough in the previous session.

U.S. economic growth was "modest" in recent weeks, job growth was "subdued," and inflation slowed in most parts of the country, the Federal Reserve report known as the "Beige Book" published on Wednesday showed.

## Gold prices hover near 10-day low.

Gold prices moved little on Thursday, coming under pressure from strength in the dollar and Treasury yields as signs of sticky inflation pushed up concerns that the Federal Reserve will maintain its hawkish rhetoric.

Data also showed some resilience in the U.S. economy, further sapping safe haven demand for the yellow metal amid growing bets that the country will avoid a recession this year.

But U.S. interest rates remained a key point of concern for gold markets, with a string of Federal Reserve speakers due before an interest rate decision later in the month.

Spot gold rose 0.1% to \$1,919.32 an ounce, while gold futures expiring in December fell 0.1% to \$1,943.30 an ounce by 00:58 ET (04:58 GMT). Both instruments were trading just above their lowest level in 10 days



## European stocks slip; German industrial production weaken further.

European stock markets weakened Thursday, with sentiment hit by fresh signs of slowing growth, both locally and in China, as well as worries about future Federal Reserve tightening.

At 03:15 ET (07:15 GMT), the DAX index in Germany traded 0.3% lower, the FTSE 100 in the U.K. fell 0.3% and the CAC 40 in France dropped 0.1%.

### German industrial production weakens further

German industrial production fell 0.8% on the month in July, more than the expected 0.5% drop, data showed earlier Thursday, adding to the previous month's revised 1.4% fall.

This adds to a series of data releases that show the eurozone's largest economy, and major regional growth driver, is struggling, and threatening to slip back into recession.

The latest estimate of eurozone growth in the second quarter is due out later in the session, and the gross domestic production figure is expected to show the region grew just 0.3% on the quarter, annual growth of 0.6%.

But economic woes are not confined to Europe.

China's exports and imports fell in August, data showed on Thursday, with exports dropping 8.8% year-on-year and imports contracting 7.3%.

While the trade numbers beat expectations, they show China's manufacturing sector remains under significant pressure and that policymakers will need to focus on boosting domestic demand to shore up growth.

China is a major market for Europe's largest companies, and its faltering recovery continues to weigh on their bottom lines.

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