

# MARKET UPDATE

**17/10/2023**

## **Oil jumps 2% as tensions increases in the Middle East.**

Oil prices surged on Wednesday as tension escalated in the Middle East after hundreds were killed in a blast at a Gaza hospital, sparking concerns about potential oil supply disruptions from the region.

Brent crude futures advanced \$1.75, or 2%, to \$91.65 a barrel at 0609 GMT. West Texas Intermediate crude (WTI) futures were up \$1.91, or 2.2%, at \$88.57 a barrel.

In earlier trade, both benchmarks gained more than \$2 to touch their highest levels in two weeks.

Markets factored in risk premiums after hundreds of Palestinians were killed in a blast at a Gaza City hospital on Tuesday that Israeli and Palestinian officials blamed on each other.

Jordan then cancelled a summit it was to host with U.S. President Joe Biden and Egyptian and Palestinian leaders.

## **Asian stocks muted.**

Most Asian stocks moved in a tight range on Wednesday as growing concerns over a spillover in the Israel-Hamas war dented risk appetite, largely offsetting positive data that showed China's economy grew more than expected.

The bombing of a Gaza hospital, which reportedly killed hundreds of Palestinians, marked a potential escalation in the conflict, especially as Egyptian and Palestinian leaders called off a summit with U.S. President Joe Biden following the attack.

The move ratcheted up concerns that the Israel-Hamas conflict could spill over into the Middle East region. Concerns over such a scenario were the main weight on Asian stocks over the past two weeks.

Fears of an escalation in the Middle East also largely offset data showing China's economy grew more than expected in the third quarter.

China GDP beats, but stocks see little cheer

China's Shanghai Shenzhen CSI 300 and Shanghai Composite indexes fell 0.5% each, while Hong Kong's Hang Seng index traded in a tight range.

## Gold prices rally to near 1-month high.

Gold prices rose sharply on Wednesday, nearing a one-month high as a potential escalation in the Israel-Hamas war drove up safe haven demand, while copper prices also rose tracking a positive reading on China's economy.

The bombing of a Gaza hospital, which reportedly killed hundreds of Palestinians, marked a potential escalation in the conflict, especially as Egyptian and Palestinian leaders called off a summit with U.S. President Joe Biden following the attack.

The move pushed up concerns that the Israel-Hamas conflict could draw in other Arab countries, causing the war to spill over into the broader Middle East region.

This notion ramped up investor demand for safe havens, with gold seeing strong inflows after the move. Spot gold rose 0.8% to \$1,937.80 an ounce, while gold futures expiring in December jumped 0.8% to \$1,950.65 an ounce by 00:39 ET (04:39 GMT).

Both instruments were close to a one-month high.

Rising concerns over an escalation in the Israel-Hamas war provided a major boost to gold prices over the past week, as demand for conventional safe havens increased. Gold was sitting on a 5% gain in the prior week.

## Dollar stalls as China data surprises.

Asian currencies caught a boost from better-than-expected Chinese economic data on Wednesday, driving the yuan to a one-week high and putting a dampener on the U.S. dollar.

A blast at a Gaza hospital, however, kept moves modest and traders on edge at the prospect of a widening conflict. U.S. President Joe Biden is due to visit Israel on Wednesday. The shekel was pinned to the weaker side of 4 to the dollar.

Official data showed China's economy grew 1.3% in the third quarter, accelerating from 0.5% in the previous quarter and topping market forecasts for an increase of 1%. Industrial output rose and unemployment fell.

**Important Note:** The information found on Ausprime platform is intended only to be informative, is not advice nor a recommendation, nor research, or a record of our trading prices, or an offer of, or solicitation for a transaction in any financial instrument and thus should not be treated as such. The information provided does not include any specific investment objectives, financial situation and needs of any specific person who may receive it. The past performance is not a reliable indicator of future performance and/or results. Past Performance or Forward-looking scenarios are not a guarantee of future performance. Actual results may differ materially from those anticipated in forward-looking or past performance statement