

MARKET UPDATE

14/11/2023

Asia FX weakens, dollar moves higher.

Most Asian currencies crept lower on Tuesday, while the dollar clocked small gains before key U.S. inflation data that is expected to determine the path of monetary policy.

Concerns over China also weighed on regional sentiment, as data showed a further slowdown in lending activity in the country through October. This saw the yuan fall 0.1%, coming close to the 7.3 level against the dollar.

Chinese readings on industrial production and fixed asset investment are also due this week.

The Japanese yen hovered around its weakest level in a year against the greenback, although further losses in the currency were stifled by Japanese authorities once again warning that they will intervene in foreign exchange markets.

The yen saw a sharp reversal from recent losses on Monday, spurring some speculation that the government may have already intervened to support the currency. Weakness in the currency- which was close to a 32-year low, had triggered billions of dollars worth of intervention by the government in mid-to-late 2022.

Gold prices sink below \$1,950.

Gold prices fell below key levels in Asian trade on Tuesday, as traders pivoted into the dollar before U.S. inflation data due later in the day, which is widely expected to determine the path of interest rates.

The yellow metal saw a heavy degree of profit taking in the past two weeks, which pushed prices to an over three-week low as the prospect of higher-for-longer U.S. rates dampened gold's outlook.

Spot gold fell 0.1% to \$1,944.71 an ounce, while gold futures expiring in December fell 0.1% to \$1,948.25 an ounce by 00:32 ET (05:32 GMT).

US CPI in focus, dollar and yields rise

Gold prices were pressured by strength in the dollar and Treasury yields as markets kept chiefly to rate-sensitive assets before key consumer price index inflation data due later in the day.

Oil prices inch higher.

Oil prices rose slightly in Asian trade on Tuesday, extending gains after a report from the Organization of Petroleum Exporting Countries helped ease some concerns over slowing demand.

Crude prices also took mild support from the U.S. buying 1.2 million barrels of crude to refill the Strategic Petroleum Reserve, while reports of a stricter crackdown on Russian oil exports also signaled tighter markets.

But gains in oil prices were limited as traders hunkered down before a key U.S. inflation report due later in the day, which is widely expected to determine the path of interest rates in the coming months.

A euro zone reading on third-quarter economic growth was also on tap, especially as the bloc stands on the cusp of a recession.

Brent oil futures rose 0.1% to \$82.77 a barrel, while West Texas Intermediate crude futures rose 0.2% to \$78.44 a barrel by 20:58 ET (05:58 GMT).

Both contracts were nursing steep losses over the past three weeks, hit chiefly by concerns over sluggish demand after a string of weak economic readings from China, the U.S. and the euro zone.

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