

# MARKET UPDATE

**21/11/2023**

## **Asia FX surges as dollar plumbs.**

Most Asian currencies rose sharply on Tuesday as easing concerns over higher U.S. interest rates spurred heavy losses in the dollar, with focus now turning to the minutes of the Federal Reserve's October meeting.

Optimism over China also aided sentiment, as local media reports suggested that the government was planning to roll out more supportive measures for the beleaguered property sector.

The Chinese yuan was among the best performers for the day, rising 0.5% to 7.1346 to the dollar- its strongest level since late-July. The currency was also supported by a series of stronger-than-expected daily midpoint fixes by the People's Bank, as Beijing moved to quell more weakness in the currency.

The Japanese yen benefited greatly from easing fears of U.S. interest rate hikes, rising 0.6% on Tuesday and extending a strong recovery from near 30-year lows. The currency was now at 147.45 to the dollar- its strongest level in three months.

## **Oil retreats on caution ahead of OPEC+ meeting.**

Oil futures fell on Tuesday, reversing steep gains made in the past two sessions, as investors turned cautious ahead of a meeting of OPEC+ this Sunday when the producer group may discuss deepening supply cuts due to slowing global growth.

Brent crude futures fell 51 cents, or 0.6%, to \$81.81 a barrel by 0746 GMT, while U.S. West Texas Intermediate crude futures were at \$77.32 a barrel, down 51 cents, or 0.7%.

Both contracts climbed about 2% on Monday after three OPEC+ sources told Reuters that the group, made up of the Organization of the Petroleum Exporting Countries (OPEC) and its allies, was set to consider whether to make additional oil supply cuts when it meets on Nov. 26.

Short-term speculators took profit on WTI after several indicators were overbought on technical charts, Singapore-based OANDA analyst Kelvin Wong said.

"Market participants have started to price in an extension of the current quantum oil supply cut into 2024 or even deeper cuts in the upcoming OPEC+ meeting," he added.

OPEC+ is likely to extend or even deepen oil supply cuts into next year, eight analysts have predicted.



## Stocks in Asia hit 2-month high.

Asian shares climbed to fresh two-month highs on Tuesday, taking cues from a rally on Wall Street while the dollar languished near its lowest in two-and-a-half months on expectations the U.S. Federal Reserve is likely done with interest rate hikes.

MSCI's broadest index of Asia-Pacific shares outside Japan was 0.97% higher at 510.11 having touched 511.05, the highest since Sept. 18. The index is up 7% for the month and on course for its biggest monthly gain since January.

With the economic calendar bare in Europe, the risk rally looks set to continue in European stock markets, with Eurostoxx 50 futures up 0.18%, German DAX futures 0.14% higher and FTSE futures up 0.01%.

Investor focus on Tuesday will firmly be on minutes of the Federal Reserve's last meeting to gauge which way rates are headed and also on earnings from Nvidia (NASDAQ:NVDA), which hit a record high on Monday.

On Monday, Wall Street's three major stock averages rose with Nasdaq's 1% rally leading the charge as heavyweight Microsoft (NASDAQ:MSFT) hit a record high after it hired Sam Altman, who headed OpenAI until he was ousted late last week. [N]

Stock markets have broadly rebounded in November as a flurry of data that showed U.S. inflation might be easing has spurred bets that the Fed is done with monetary tightening and rate cuts may be on the way next year.

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