

MARKET UPDATE

24/11/2023

Asia FX muted, dollar subdued with U.S. PMIs in sight.

Asian currencies kept to a tight range on Friday, while the dollar moved little as a U.S. market holiday made for scant trading, although focus now turned to key business activity readings due later in the day.

Most regional currencies were set for some weekly gains amid growing conviction that the Federal Reserve was done raising interest rates. This notion had put the dollar at near three-month lows at the beginning of the week.

Weak purchasing managers index (PMI) readings from the euro zone and Japan provided negative cues to regional markets, as the outlook for the global economy weakened. Trading volumes were also muted on account of a U.S. holiday.

In Asia, the Chinese yuan fell 0.1%, but remained within sight of a four-month high after a series of strong daily midpoint fixes by the People's Bank of China. Markets were also awaiting PMI readings from China next week, amid persistent concerns over a sluggish economic rebound.

Oil prices inch higher amid OPEC jitters.

Oil prices rose slightly in Asian trade on Friday as traders remained on edge over a delay in an OPEC+ meeting, although expectations of more supply cuts by the cartel put prices on course to break a four-week losing streak.

Trading volumes were muted with U.S. markets closed for the Thanksgiving holiday.

While crude prices were set to rise for the week, gains were paltry after an unexpected delay in a meeting of the Organization of Petroleum Exporting Countries and allies (OPEC+).

The meeting was delayed to November 30 from November 26, with media reports suggesting some disagreements between member countries over planned production cuts.

Reuters reported that African producers- specifically Angola and Nigeria- wanted to increase output, to the chagrin of Saudi Arabia and Russia, which are considering deeper production cuts to offset a recent slump in oil prices.

Gold prices hover below \$2,000.

Gold prices hovered just below key highs on Friday as a U.S. market holiday made for scant trading cues, with focus now turning to upcoming business activity readings for more cues on the world's largest economy.

The yellow metal was still headed for a second straight week of gains, amid growing conviction that the Federal Reserve was done raising interest rates. It also remained in sight of the coveted \$2000 an ounce level, which it had breached earlier in the week.

But gold failed to hold the level after strong labor market data and hawkish signals from the Fed spurred doubts over when the central bank planned to begin trimming rates.

Spot gold rose 0.1% to \$1,993.75 an ounce, while gold futures expiring in December rose 0.1% to \$1,994.70 an ounce by 00:00 ET (05:00 GMT). Both instruments were set to add between 0.5% and 0.7% this week.

A muted overnight session in the dollar index, on account of the U.S. Thanksgiving holiday, also provided few cues to gold.

Gold saw sharp gains earlier in November as markets bet that the Fed will raise interest rates no further. But given that the central bank still reiterated its higher-for-longer outlook on rates, future gains in the yellow metal remained in doubt.

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