

# MARKET UPDATE

**27/11/2023**

## **Asia FX inches lower, dollar steady.**

Most Asian currencies weakened slightly on Monday, while the dollar steadied as traders hunkered down before a string of key economic readings due this week.

Mixed signals from China weighed on sentiment, as data showed a sustained, albeit narrowing decline in industrial profits. Top Chinese government officials called on Beijing to unlock more financial support for local businesses amid a slowing economic recovery.

The yuan fell 0.1%, following a slightly weaker daily midpoint fix by the People's Bank of China. Focus this week was on purchasing managers index (PMI) data for November, due on Thursday, for more cues on business activity. PMI readings for October had largely missed expectations.

Still, Beijing has more stimulus measures lined up in the coming months, specifically a 1 trillion yuan (\$139 billion) bond issuance, which is expected to shore up growth.

But near-term sentiment towards China remained largely weak, which in turn kept broader Asian markets subdued.

## **Gold prices rise past \$2,000.**

Gold prices came close to a one-month high on Monday, rising past key levels as caution before a string of key economic readings fed safe haven demand for the yellow metal.

Weakness in the dollar, amid growing bets that the Federal Reserve was done raising interest rates, also benefited the yellow metal, as did signs of weakening economic conditions across the globe.

Spot gold rose 0.5% to \$2,013.69 an ounce, while gold futures expiring in December rose 0.6% to \$2,014.35 an ounce by 00:15 ET (05:15 GMT). Both instruments were now comfortably above the \$2,000 level after flitting with the level for the past week.

A settlement above \$2,000 is also expected to invite more gains in gold, given that the level was seen as a key resistance point.

Econ data deluge on tap

But further gains in gold, particularly those driven by safe haven demand, will be largely contingent on the economic readings due this week. In the U.S., PCE price data- the Fed's preferred inflation gauge- is due on Thursday, as is a second reading on third-quarter gross domestic product.

## Oil prices dip amid OPEC uncertainty.

Oil prices fell in Asian trade on Monday as markets remained uncertain over more production cuts by the OPEC+ after a delay in a meeting this week, while anticipation of a string of key economic readings also kept traders on edge.

Crude prices sank for a fifth straight week as hopes of more supply cuts by the Organization of Petroleum Exporting Countries and allies (OPEC+) were largely offset by a delay in the meeting, to Nov. 30 from Nov. 26, especially as reports suggested the delay was caused by disagreements over planned production cuts.

Brent oil futures expiring January fell 0.3% to \$80.32 a barrel, while West Texas Intermediate crude futures expiring January fell 0.4% to \$75.26 a barrel by 21:02 ET (02:02 GMT). Both contracts closed marginally lower in the past week.

### OPEC+ production cuts take center stage

Saudi Arabia and Russia- two of the top producers in the OPEC+, are largely expected to extend or deepen their ongoing supply reductions. The two led the OPEC+ in curbing supply this year, amid growing fears that high interest rates and worsening economic conditions will dent global oil demand.

But production in other OPEC+ members was seen increasing in recent months. Reuters reports also showed that some African nations planned to increase production at the upcoming meeting, which clashed with the plans of de-facto OPEC+ leader Saudi Arabia.

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