

MARKET UPDATE

13/02/2024

Bitcoin hits \$50k level.

Bitcoin hit the \$50,000 level for the first time in more than two years as the world's largest cryptocurrency was buoyed by expectations of interest rate cuts later this year and last month's regulatory nod for U.S. exchange-traded funds designed to track its price.

The cryptocurrency has risen 16.3% so far this year, on Monday touching its highest since Dec. 27, 2021. At 12:56 p.m. EST (1756 GMT), bitcoin was up 4.96% on the day at \$49,899, having oscillated around the \$50,000 level.

"\$50,000 is a significant milestone for bitcoin after the launch of spot ETFs last month not only failed to elicit a move above this key psychological level but led to a 20% sell-off," said Antoni Trenchev, co-founder of crypto lending platform Nexo.

Crypto stocks also enjoyed a boost on Monday, with crypto exchange Coinbase (NASDAQ:COIN) up 4.9% and crypto miners Riot Platforms (NASDAQ:RIOT) and Marathon Digital (NASDAQ:MARA) up 10.8% and 11.9%, respectively. Shares of software firm MicroStrategy -- a notable buyer of bitcoin -- were up 10.2%.

Gold prices trade sideways.

Gold prices kept to a tight range on Tuesday, remaining under pressure from the dollar as investors hunkered down before inflation data that is widely expected to factor into the Federal Reserve's plans for interest rates.

The yellow metal had fallen back into a \$2,000 to \$2,050 an ounce trade range over the past week, as traders began steadily phasing out expectations of early interest rate cuts by the Fed.

A slew of Fed speakers also warned last week that the bank was in no hurry to cut interest rates early, amid fears of sticky inflation. This saw the dollar shoot up to three-month highs, which weighed on gold.

The greenback edged higher in Asian trade.

Spot gold steadied at \$2,020.06 an ounce, while gold futures expiring in April were flat at \$2,033.45 an ounce by 00:33 ET (05:33 GMT).

Spot prices were now trading just \$20 above the closely-watched \$2,000 an ounce support level, which analysts say could be tested in the near-term, especially in the wake of a stronger inflation reading.



Asia FX weakens, dollar edges up.

Most Asian currencies weakened on Tuesday, while the dollar firmed as markets hunkered down before key U.S. inflation data that is widely expected to factor into the path of interest rates.

The inflation data comes after a chorus of Federal Reserve officials warned that the central bank was in no hurry to begin trimming interest rates in 2024- a trend that bodes well for the dollar and poorly for risk-heavy, high-yield currencies.

A week-long trading holiday in China and Hong Kong kept Asian trading volumes muted. But the Chinese yuan fell slightly in offshore trade.

Japanese yen nears 150 level on dovish BOJ cues

The Japanese yen was among the worst-performing regional units in recent sessions, losing 0.1% on Tuesday and trading at 149.53- a near three-month low and just a hair away from breaking above the 150 level, which heralds more losses in the yen.

Losses in the yen came chiefly after a top Bank of Japan official signalled that even when the bank begins raising interest rates this year, it was unlikely to raise rates aggressively. This scenario presents little relief to the yen, which was pressured chiefly by a widening gulf between local and U.S. interest rates- a trend that is worsened by the prospect of higher-for-longer U.S. rates.

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