MARKET UPDATE

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Asia FX weak, dollar steady after Fed speak.

Most Asian currencies fell on Friday, while the dollar steadied from recent losses as hawkish signals from the Federal Reserve and strong U.S. labor data cast more doubts over early U.S. rate cuts.

The dollar index and dollar index futures both moved little in Asian trade, and were set for mild weekly losses, as they fell from three-month highs earlier in the week.

But the outlook for the greenback remained upbeat amid more signals that the Fed will keep rates higher for longer.

Hawkish Fed comments, strong labor data further dent early rate cut bets

Fed Governor Christopher Waller said on late-Thursday that he needed more evidence that inflation was cooling, before the central bank would consider interest rate cuts.

His comments were the latest among a slew of other Fed officials who said that the bank was in no hurry to begin trimming monetary policy. The minutes of the Fed's late-January meeting had also reiterated this message earlier in the week.

Waller's comments came just hours after data showed jobless claims unexpectedly fell over the past week, signalling continued strength in the labor market, which gives the Fed even less impetus to cut rates early.

Gold prices remain rangebound.

Gold prices moved little in Asian trade on Friday and remained well within a recently-established trading range amid increasing conviction that the Federal Reserve will not cut interest rates early in 2024.

While the yellow metal was headed for some gains this week, they were largely a recovery from steep losses seen in the last two weeks. Concerns over higher-for-longer interest rates continued to limit any major upside in gold prices, as did relative strength in the dollar and Treasury yields.

Spot gold rose 0.1% to $2,025.80 an ounce, while gold futures expiring in April rose 0.2% to $2,035.15 an ounce by 00:15 ET (05:15 GMT). Both instruments were set to add about 0.7% this week after losing as much as 4% in the past two weeks.

Bullion prices also remained squarely within the $2,000 to $2,050 an ounce trading range seen for most of 2024 so far.

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Oil falls after US Fed governor says interest rate cuts should be delayed.

Oil prices fell on Friday after a U.S. Fed official said interest rate cuts should be delayed at least two more months, but indications of healthy demand and concerns over supplies could boost prices in the coming days.

Brent crude futures were down 38 cents, or 0.5%, at $83.29 a barrel at 0524 GMT, while U.S. West Texas Intermediate crude futures were 40 cents, or 0.5%, lower at $78.21.

U.S. Federal Reserve policymakers should delay interest rate cuts by at least another couple of months to see if a recent uptick in inflation signals stalling progress toward price stability or is just a bump in the road, Fed Governor Christopher Waller said on Thursday.

Higher interest rates for longer slow economic growth, which could curb oil demand in the world's largest oil consumer. But some analysts say demand has remained largely healthy, including in the U.S.

The U.S. central bank has held its policy rate steady in the 5.25%-5.5% range since last July, and minutes of its policy meeting last month show most central bankers were worried about moving too quickly to ease policy.

Oil futures had settled higher on Thursday as hostilities continued in the Red Sea, with Iran-aligned Houthis stepping up attacks near Yemen to show support for Palestinians in the Gaza war.