

# MARKET UPDATE

**04/03/2024**

## **Dollar drifts as Fed clues awaited.**

The U.S. dollar drifted within a tight range on Monday, pressured by lower Treasury yields, as traders waited for more crucial economic data for fresh clues on the timing of Federal Reserve interest rate cuts.

Bitcoin rose to a more than two-year peak amid big flows into cryptocurrency exchange-traded funds.

The euro was firm following Friday's 0.33% advance, with a European Central Bank policy decision looming on Thursday.

The yen fluctuated around the closely watched 150 per dollar level, as investors tried to assess whether the Bank of Japan's exit from its negative interest rate policy could happen as soon as this month.

The dollar index - which measures the currency against six major peers, including the euro and yen - was little changed at 103.85 as of 0530 GMT, oscillating narrowly in the bottom half of its 103.43-104.97 range of the past month.

The index lost 0.26% on Friday following some weak manufacturing and construction spending data.

## **Bitcoin bounces beyond \$64,000.**

Bitcoin scaled a two-year high on Monday, breaking \$64,000 as a wave of money carried it within striking distance of record levels.

It touched \$64,285 early in the Asian day, its highest since late 2021, and was last 2% firmer for the session at \$63,850. Bitcoin's record high is \$68,999.99 set in November 2021.

The largest cryptocurrency by market value has gained 50% this year and most of the rise come in the last few weeks where trading volume has surged for U.S.-listed bitcoin funds.

Spot bitcoin exchange-traded funds were approved in the United States earlier this year. Their launch opened the way for new large investors and has re-ignited enthusiasm and momentum reminiscent of the run up to record levels in 2021." the flows are not drying up as investors feel more confident the higher price appears to go," said Markus Thielen, head of research at crypto analytics house 10x Research in Singapore.



## Gold prices steady near 2-month high.

Gold prices fell slightly in Asian trade on Monday but remained within sight of two-month highs after growing conviction over U.S. interest rate cuts this year spurred sharp gains in the yellow metal.

But gold may now once again tread water in the near-term, especially ahead of key Federal Reserve signals and labor data due later in the week.

Spot gold fell 0.1% to \$2,080.86 an ounce, while gold futures expiring in April fell 0.3% to \$2,089.25 an ounce by 00:12 ET (05:12 GMT). Both instruments rallied over 2% each over the past week, hitting their highest levels for 2024 and also breaking out of a trading range established for most of the year so far.

Gold's gains were driven by some soft U.S. economic data spurring bets that the Fed will cut interest rates by June. But anticipation of more cues from the central bank saw traders once again step back from big bets on the yellow metal.

Other precious metals also retreated on Monday. Platinum futures fell 0.4% to \$888.70 an ounce, while silver futures fell 0.5% to \$23.240 an ounce.

### Powell testimony, nonfarm payrolls awaited

Markets were now focused squarely on a two-day testimony by Fed Chair Jerome Powell this week, for any more cues on the path of interest rates.

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