

MARKET UPDATE

11/03/2024

Japanese stocks tumble 3%.

Japanese stocks fell sharply on Monday, while the yen hovered near one-month highs as media reports suggested the Bank of Japan could end its yield curve control policies by as soon as next week.

The Nikkei 225 index slid nearly 3% by the afternoon session, while the yen firmed 0.2% against the dollar and remained close to a one-month high hit last week.

The broader TOPIX stock index also lost as much as 3%.

A slew of media reports showed that the BOJ was close to ending its ultra-dovish negative interest rates and yield curve control policies, and could potentially do so at a meeting next week.

Policymakers are considering the move- which will be the bank's first rate hike since 2007- on expectations of steep increases in wages this year.

Gold prices steady with \$2,200 in sight.

Gold prices steadied just below record highs in Asian trade on Monday, with focus turning largely to upcoming U.S. inflation data for more cues on when the Federal Reserve will begin cutting interest rates.

Expectations of rate cuts saw bullion prices rise sharply to record highs last week, especially as Fed Chair Jerome Powell said that inflation was close to reaching levels the Fed was comfortable with.

Middling labor market data, which indicated some cooling in U.S. employment, also aided bullion prices, as did weakness in the dollar and Treasury yields.

Spot gold rose 0.1% to \$2,180.47 an ounce, while gold futures expiring in April rose 0.1% to \$2,187.00 an ounce by 00:50 ET (04:50 GMT). Both instruments were trading just below record highs hit on Friday.

Gold futures hit a lifetime high of \$2,203.0 an ounce, while spot gold hit a lifetime high of \$2,195.20 an ounce last week.

Focus was now squarely on U.S. consumer price index data due on Tuesday, for more cues on interest rates.

Oil prices fall on China demand worries.

Oil prices extended last week's losses on Monday on concern about slow demand in China, although lingering geopolitical risk surrounding the Middle East and Russia limited the decline.

Brent futures fell 55 cents, or 0.7%, to \$81.53 a barrel at 0405 GMT, while U.S. West Texas Intermediate (WTI) dropped 57 cents, or 0.7%, to \$77.44.

Both benchmarks fell last week, with Brent down 1.8% and WTI 2.5% lower on bearish Chinese data which pointed at softer demand in world's no. 1 crude importer.

"Worries over weak demand in China outweighed the extension of supply cuts by OPEC+," said Hiroyuki Kikukawa, president of NS Trading, a unit of Nissan (OTC:NSANY) Securities, adding that mixed signs from U.S. jobs data prompted some traders to adjust positions.

"Still, the losses will be capped by increased geopolitical risk, with the possibility that a ceasefire may not be reached in the Hamas-Israel war and that conflict may expand in Russia and its neighbours," he said.

Data last week showed U.S. job growth accelerated in February, but a rise in the unemployment rate and moderation in wage gains kept an anticipated June interest rate cut from the Federal Reserve on the table.

China last week set an economic growth target for 2024 of around 5%, which many analysts called ambitious without much more stimulus.

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