

# MARKET UPDATE

**15/03/2024**

## **Bitcoin falls from record high.**

Bitcoin eased to a one-week low in volatile trade on Friday, as investors took profit from its run to a record high and as another upside surprise on U.S. inflation dimmed prospects of early rate cuts there and dented demand for riskier assets.

Bitcoin fell more than 5% in the Asian session to bottom at \$66,629.96, before paring some of its losses to last trade 3.5% lower.

The choppy moves in the world's largest cryptocurrency came a day after its charge to a high of \$73,803.25, setting a new record for a fourth straight day.

"Bitcoin has an established history of getting volatile and ruthless after hitting (a) record high," said Matt Simpson, senior market analyst at City Index.

"And not only did it recently hit a new high, but it looks like the (Federal Reserve) won't be as dovish as traders had hoped."

A slew of data out on Thursday showed that while U.S. retail sales rebounded less than expected in February, producer prices increased more than expected.

The releases came on the heels of U.S. consumer price data out earlier in the week that pointed to still-sticky inflationary pressures

Markets reacted by paring the chances of a Fed easing cycle beginning in June, with futures now pointing to a roughly 60% chance of a rate cut that month, down from roughly 74% a week ago, according to the CME FedWatch tool.

## **Gold prices steady before Fed meeting.**

Gold prices moved little in Asian trade on Friday as stronger-than-expected inflation data spurred more fears that the Federal Reserve will signal higher-for-longer interest rates at an upcoming meeting.

But this sentiment did little to deter a rally in copper prices, which surged to new 11-month highs on Friday as expectations of substantially tighter Chinese supplies spurred heavy buying in the red metal.

Bullion prices, on the other hand, were pressured by a stronger dollar. The greenback rose to an over one-week high after strong inflation readings this week, while traders also positioned for an upcoming Fed meeting.

## Asian stocks slide on inflation jitters

Most Asian stocks fell sharply on Friday as hotter-than-expected U.S. inflation readings spurred more concerns over higher-for-longer interest rates, with a barrage of upcoming central bank meetings coming squarely into focus.

Regional markets took a weak lead-in from Wall Street as producer price index inflation rose more than expected in February. The reading, which came on the heels of a strong consumer inflation print earlier this week, saw traders reduce their expectations for a rate cut in June.

Wall Street futures fell slightly in Asian trade, as markets grew fearful of any more hawkish signals from a Federal Reserve meeting next week.

Japanese stocks under pressure as BOJ meeting looms

Japan's Nikkei 225 index fell 0.3% on Friday and was set for a 2.3% weekly decline, as investors continued to lock-in profits from record highs hit last week. The TOPIX rose 0.6%, but was set to lose nearly 2% this week.

Focus was now squarely on a Bank of Japan meeting next week, where the central bank is widely expected to signal, or even enact an end to its negative interest rates and yield curve control policies.

Bets on a BOJ pivot were spurred chiefly by signs of sticky Japanese inflation, while the results of nationwide wage negotiations pointed to substantial increases in wages this year- a trend that is also expected to underpin inflation.

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