

# MARKET UPDATE

**21/03/2024**

## **Asia FX surges, dollar sinks.**

Most Asian currencies rose sharply on Thursday, while the dollar tumbled from two-week highs after comments from the Federal Reserve kept expectations of interest rate cuts largely in play.

The Fed kept interest rates steady on Wednesday and maintained its forecast for a 75 basis point reduction in rates this year. The move, particularly the Fed's outlook, ramped up appetite for high-yielding, risk-driven assets.

Hawkish signals from some Asian economies also boosted regional currency markets.

USDJPY falls from four-month high on Fed signals, BOJ rate hike

The Japanese yen strengthened sharply on Thursday, with the USDJPY pair falling 0.5% from a four-month high to 150.53.

## **Oil rebounds after surprise drop in US crude.**

Oil prices rebounded on Thursday as U.S. crude and gasoline stock drawdowns lent support despite signs that the U.S. Federal Reserve may keep interest rates higher for longer.

Brent crude futures for May rose 55 cents, or 0.6%, to \$86.50 a barrel by 0400 GMT, after falling 1.6% on Wednesday.

U.S. West Texas Intermediate futures for May climbed 47 cents, or 0.6%, to \$81.74 a barrel, after sliding about 1.8% in the previous session.

Crude inventories in the United States, the world's biggest oil consumer, fell for a second week, the U.S. Energy Information Administration (EIA) reported on Wednesday.

Stockpiles declined unexpectedly by 2 million barrels to 445 million barrels in the week ended March 15, versus analysts' expectations in a Reuters poll for a 13,000-barrel rise. [EIA/S]

The stockpiles fell as exports rose and refiners continued to increase activity. Gasoline inventories fell for a seventh week, down by 3.3 million barrels to 230.8 million, and suggesting steadily strong fuel demand.



## Bitcoin price Rebounds to \$66k.

Bitcoin price rebounded sharply from recent losses on Thursday, tracking a broader rally in risk-driven markets after the Federal Reserve kept interest rates steady and signalled that rate cuts were coming in 2024.

Bitcoin jumped 7.9% to \$66,540.9 by 01:09 ET (05:09 GMT), after sinking as low as \$60,000 on Wednesday. The world's largest cryptocurrency was walloped by a heavy bout of profit-taking before the Fed, after it raced to record highs last week.

Weakness in the dollar aided Bitcoin's recovery, as the greenback fell sharply from two-week highs after the Fed. This trend also supported the broader cryptocurrency market, with world no.2 token Ethereum rising 10% on Thursday to \$3,454.79.

### Bitcoin thrives in a low-rate environment

The Fed stuck to its forecast of a 75 basis point reduction in interest rates in 2024, while Chair Jerome Powell also flagged more, albeit slow progress towards the Fed's 2% annual inflation target.

Bitcoin is already up more than 50% so far in 2024, after a stellar, over 100% rally through 2023. The token's latest gains were driven by increased capital inflows after the approval of spot exchange-traded funds for U.S. markets earlier in 2024.

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