

MARKET UPDATE

12/03/2024

Asia FX muted as dollar steadies.

Most Asian currencies moved little on Tuesday, while the dollar steadied as markets awaited key U.S. inflation data for more cues on when the Federal Reserve could begin cutting interest rates.

The Japanese yen was the worst performer among its regional peers, retreating sharply from an over one-month high after comments from top Bank of Japan officials somewhat cooled bets on an immediate rate hike from the central bank.

Yen sinks as BOJ's Ueda tempers optimism over economy

The yen weakened about 0.3% against the dollar, retreating from an over one-month high hit on Monday.

A reversal in the currency came largely after BOJ Governor Kazuo Ueda said that while the Japanese economy was recovering, it was also showing signs of weakness, particularly in consumption. He struck a somewhat less optimistic tone over the economy than markets were expecting.

Ueda's comments came just days before a BOJ meeting, where the central bank is widely expected to signal, or even enact an end to its yield curve control and negative interest rate regime.

Gold prices retreat from record highs.

Gold prices fell in Asian trade on Tuesday, retreating from record highs as traders lock-in some profits ahead of key U.S. inflation data that is widely expected to factor into the path of interest rates.

Growing bets on interest rate cuts by as soon as June, coupled with increased safe haven demand, saw bullion prices surge to new record highs in March, with spot prices coming close to breaching \$2,200 an ounce.

But this rally cooled in recent sessions, especially after somewhat hawkish signals from the Federal Reserve and mixed labor market data. The dollar steadied from recent losses, also pressuring metal markets.

Spot gold fell 0.2% to \$2,178.43 an ounce, while gold futures expiring in April fell 0.2% to \$2,184.65 an ounce by 01:24 ET (05:24 GMT). Both instruments were trading about \$15 below record highs hit last week.

Bitcoin keeps record highs.

Bitcoin traded just below record highs in Asian trade on Tuesday, seeing continued support from steady inflows into the spot exchange-traded funds that were approved earlier this year.

The world's largest cryptocurrency traded up 5.6% at \$72,156.6 by 22:51 ET (02:51 GMT), remaining close to a record high of \$72,771 hit on Monday.

Bitcoin's latest record highs come as an extension of a rally triggered by the approval of the spot ETFs in January, which invited a heavy amount of institutional capital into the token.

The token was also boosted by MicroStrategy Incorporated (NASDAQ:MSTR), the biggest corporate holder of Bitcoin, buying 12,000 tokens on Monday using debt.

Bitcoin ETFs see \$2.7 bln weekly inflows

A report from digital asset manager CoinShares showed on Monday that investment products tracking Bitcoin saw capital inflows of about \$2.7 billion in the week to March 10.

BlackRock Inc's (NYSE:BLK) iShares Bitcoin ETF (NASDAQ:IBIT) commanded the lion's share of these inflows, seeing nearly \$2.1 billion, while Fidelity (NYSE:FBTC) saw an inflow of \$1.34 billion.

Bitcoin remained the sole driver of capital inflows into crypto markets, with other major tokens, such as Ethereum and Solana, either seeing minimal inflows or outflows.

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