

MARKET UPDATE

04/04/2024

Oil prices rise near \$90 amid Middle East tensions.

Oil prices rose to five-month highs in Asian trade on Thursday, extending a rash of recent gains as the prospect of worsening geopolitical conditions in the Middle East presented more potential supply disruptions.

The Organization of Petroleum Exporting Countries and allies also voted to maintain its current band of production cuts during a Wednesday meeting, presenting a tight outlook for crude in the near-term.

Brent oil futures expiring in June rose 0.3% to \$89.64 a barrel, while West Texas Intermediate crude futures rose 0.3% to \$84.90 a barrel by 21:13 ET (01:13 GMT).

Middle East tensions, Russian disruptions boost oil prices

Iran threatened retaliation for a perceived Israeli strike on its embassy in Damascus-pointing to worsening conditions in the Middle East. The threat also came as the Israel-Hamas war showed little signs of de-escalating, as a slew of recent ceasefire proposals fell through.

Asia FX muted, dollar slides from near 5-mth highs.

Most Asian currencies moved little on Thursday, seeing little support even as the dollar fell sharply from near five-month highs as uncertainty over the path of U.S. interest rates remained in play.

Regional trading volumes were also muted with market holidays in China and Hong Kong.

Dollar sinks from near 5-mth highs after Powell comments

The dollar index and dollar index futures fell slightly in Asian trade, extending steep overnight losses after Federal Reserve Chair Jerome Powell offered up mixed signals on U.S. interest rate cuts.

While Powell said the Fed will eventually cut interest rates later this year, he offered scant cues on the timing and scale of the potential cuts.



Copper prices hit 14-mth highs on China optimism.

Copper prices rose to 14-month highs in Asian trade on Thursday, buoyed by increasing optimism over top importer China, while potential production cuts by the country's biggest refiners presented a tighter outlook for supplies.

Three-month copper futures on the London Metal Exchange rose 0.5% to \$9,347.50 a ton, while one-month U.S. copper futures rose 0.5% to \$4.2328 a pound by 23:40 ET (03:40 GMT). Both contracts were at their highest levels since January 2023.

Weakness in the dollar also aided commodity prices, as the greenback tumbled from five-month highs hit earlier this week.

China PMIs show improving factory activity, support copper prices

Sentiment towards copper was boosted by a string of positive purchasing managers index readings from China, which showed improving manufacturing activity through March.

Chinese factories are a key source of demand for copper, with any improvements in output heralding more future demand for the red metal.

While Chinese copper inventories were seen increasing so far in 2024, higher demand could still push up the country's appetite for copper imports, especially if the world's second-largest economy recovers further.

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