MARKET UPDATE

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US dollar skids ahead of inflation data.

The dollar slid on Monday as investors focused on U.S. inflation data due later this week, while the yen dipped to near 34-year lows, with traders remaining alert for any potential action from Japanese authorities to support the weakening currency.

The greenback fluctuated last week as traders digested a mixed bag of economic data amid a slowdown in services growth followed by unexpectedly strong hiring numbers that prompted the market to pare bets on Federal Reserve rate cuts this year.

The dollar index - which tracks the greenback against six other major currencies - was last down 0.2% at 104.12, while U.S. Treasury yields, which reflect interest rate move expectations, pushed higher.

Against the yen, the dollar firmed 0.1% to 151.76, within striking distance of the 34-year peak hit in late March.

The yen's weakness came in the wake of data showing Japanese workers' real wages fell in February for a 23rd consecutive month, suggesting higher prices weighed on consumers' spending appetite.

Inflation-adjusted real wages, a barometer of consumer purchasing power, fell 1.3% in February from a year earlier, data from Japan's Labour ministry showed. It followed a revised decline of 1.1% in January.

Gold prices keep record highs.

Gold prices rose slightly in Asian trade on Tuesday, remaining in sight of record highs as safe haven demand for the yellow metal remained upbeat in anticipation of more cues on U.S. inflation and interest rates.

The yellow metal surged to record highs above $2,350 an ounce on Monday, but came down slightly from those levels as the dollar and Treasury yields remained strong. Safe haven demand for gold also remained strong amid worsening geopolitical conditions in the Middle East and Russia.

Spot gold rose 0.2% to $2,344.31 an ounce, while gold futures expiring in June rose 0.5% to $2,363.0 an ounce by 01:00 ET (05:00 GMT). Spot gold hit a record high of $2,354.09 an ounce on Monday.

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Oil prices turn higher.

Oil prices rose on Tuesday after hopes diminished that negotiations between Israel and Hamas would lead to a ceasefire in Gaza amid concerns the lingering conflict could potentially disrupt supply from the key Middle East producing region.

Brent crude futures rose 14 cents to $90.52 a barrel by 0610 GMT. U.S. West Texas Intermediate (WTI) crude was 10 cents higher at $86.53.

A fresh round of Israel-Hamas ceasefire discussions in Cairo had ended a multi-session rally on Monday, leading Brent to its first decline in five sessions and WTI to its first in seven on the prospect that geopolitical risks could ease.

But Israeli Prime Minister Benjamin Netanyahu said on Monday an unspecified date had been set for Israel's invasion of the Rafah enclave in Gaza.

That is "ending the hopes that briefly gripped the market yesterday that geopolitical tensions in the region might be easing," Tony Sycamore, a market analyst with IG, wrote in a note.

Hamas said early on Tuesday that Israel's proposal it received from Qatari and Egyptian mediators did not meet any of the demands of Palestinian factions. But Hamas said it would study the proposal before responding to the mediators.

Without an end to the conflict, there is an elevated risk that it involves other countries in the region, especially Iran, a major Hamas backer and the third-largest producer in the Organization of the Petroleum Exporting Countries (OPEC).

An Iranian response to Israel's suspected attack last week on its consulate in Syria "could drag the oil market into the conflict, after being largely unimpacted since Hamas's attack on Israel," ANZ analysts said in a client note.

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