

MARKET UPDATE

16/04/2024

Asian shares slide on US rate cut.

Asian stocks sank and the dollar climbed to more than five-month highs on Tuesday as stronger-than-expected U.S. retail sales for March further reinforced expectations that the Federal Reserve is unlikely to be in a rush to cut interest rates this year.

Geopolitical tensions in the Middle East kept risk sentiment in check, lifting prices of gold and oil, while data showed China's economy grew 5.3% in the first quarter year-on-year, easily beating analysts' expectations.

While the GDP data from China was a welcome sign for policymakers, a raft of March indicators released, including property investment, retail sales and industrial output showed that demand remains weak, weighing on investor sentiment.

Yeap Jun Rong, market strategist at IG in Singapore, said markets could still have some reservations, given that areas of weakness persist. "This may inject some uncertainty as to whether the growth momentum can be followed through, as recovery is still very much uneven."

Oil prices rise on Middle East tensions.

Oil prices rose on Tuesday after data showed China's economy grew faster than expected, while heightened tensions in the Middle East also kept markets on edge after Israel said it would respond to Iran's weekend missile and drone attack.

Brent futures for June delivery rose 20 cents, or 0.2%, to \$90.30 a barrel by 0757 GMT. U.S. crude futures for May delivery rose 21 cents, or 0.3%, to \$85.62 a barrel.

Earlier in the day oil prices had risen nearly 1% following the release of official data from China showing gross domestic product in the world's biggest oil importer grew 5.3% in the first quarter, year-on-year, comfortably beating analysts' expectations.

However, both benchmarks pared some gains as a raft of other Chinese indicators including real estate investment, retail sales and industrial output showed demand remained weak in the face of a protracted property crisis.

Oil prices soared last week to the highest levels since October, but fell on Monday after Iran's weekend attack on Israel proved to be less damaging than anticipated, easing concerns of a quickly intensifying conflict that could displace crude barrels.



Gold prices rise to near \$2,400.

Gold prices rose in Asian trade, sitting close to record highs as safe haven demand remained underpinned by concerns over worsening geopolitical tensions between Iran and Israel.

But a spike in the dollar limited bigger gains in the yellow metal, as growing expectations of higher-for-longer U.S. interest rates pushed up Treasury yields.

Still, the yellow metal was sitting on stellar gains over the past two weeks, buoyed chiefly by increased safe haven demand.

Spot gold rose 0.1% to \$2,385.35 an ounce, while gold futures expiring in June rose 0.7% to a record high of \$2,401.50 an ounce by 00:17 ET (04:17 GMT). Spot gold had hit a record high of \$2,431.53 an ounce on Friday, shortly before Iran launched a drone and missile strike on Israel.

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