

# MARKET UPDATE

**18/04/2024**

## **Asia FX sees some relief as dollar retreats.**

Most Asian currencies crept higher on Thursday, seeing some breathing room as the dollar retreated from an over five-month peak, although fears of higher-for-longer U.S. interest rates remained at the fore.

Regional currencies were nursing steep losses in recent sessions, as strong U.S. economic data and hawkish signals from the Federal Reserve sparked a rally in the dollar and Treasury yields.

But the greenback saw some profit-taking on Wednesday, while sentiment improved marginally amid a lack of immediate escalation in Iran-Israel tensions.

Dollar falls from 5-½ month high

The dollar index and dollar index futures both fell slightly in Asian trade, extending overnight declines as markets locked-in some recent profits in the greenback.

Both indicators still remained close to levels last seen in early-November.

The near-term outlook for the greenback still remained upbeat, especially as traders were seen almost entirely scaling back bets that the Federal Reserve will cut interest rates in June.

## **Oil stabilises after sharp drop on demand concerns.**

Oil prices were little changed after a 3% drop in the previous session as the market remains concerned about demand this year and on signs that a wider conflict in the key Middle East producing region could be avoided.

Brent futures were up 13 cents, or 0.15%, at \$87.42 a barrel, while U.S. West Texas Intermediate (WTI) crude futures traded 6 cents higher, up 0.07%, at \$82.75 a barrel at 0636 GMT.

The two benchmarks slid 3% in the previous session on signs that fuel demand this year is lower than expected amid flagging economic growth in China and as oil inventories in the U.S., the world's biggest crude consumer, rose.

## Asia stocks bounce as soaring dollar pauses.

Asian stocks made their biggest gains in a month on Thursday, while the dollar took a breather and bond markets steadied as investors stepped back to assess the interest rate outlook.

Oil found support following its sharpest fall in two-and-a-half months on demand worries and the lack, so far, of an obvious Israeli or U.S. response to Iran's weekend attack on Israel.

Analysts do not expect dramatic new sanctions on oil from Iran, which comprises about 3% of global output.

MSCI's broadest index of Asia-Pacific shares outside Japan rose 1% led by a 2% gain in South Korea's Kospi and a 1% rise for Hong Kong's Hang Seng. All of those indexes are down for the week and for the month so far.

Japan's Nikkei rose 0.3%, though its drop of 3.6% for the week has it eyeing its biggest weekly fall since 2022.

S&P 500 futures bounced 0.4%, Nasdaq 100 futures rose 0.5%, FTSE futures rose 0.3% while European futures were flat.

The dollar has eased from recent highs and news of an unusual trilateral agreement between the U.S., Japan and Korea to consult closely on foreign exchange left the door open to intervention to slow any further dollar gains in Asia.

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