

MARKET UPDATE

29/04/2024

Gold prices tread water as Fed meeting looms.

Gold prices moved little in Asian trade on Monday, seeing little relief from recent losses as traders continued to price in higher-for-longer U.S. interest rates before a Federal Reserve meeting later this week.

The yellow metal tumbled from record highs hit earlier in April as safe-haven demand waned in the absence of any escalation between Iran and Israel. This left gold vulnerable to outflows in the face of restrictive U.S. monetary policy.

Spot gold steadied at \$2,334.66 an ounce, while gold futures expiring in June were flat around \$2,345.60 an ounce by 01:10 ET (05:10 GMT).

Fed meeting awaited after PCE data shock

A relatively strong dollar also weighed on gold, especially in the wake of a hotter-than-expected reading on the PCE price index- which is the Fed's preferred inflation gauge.

Growing signs of sticky U.S. inflation saw traders largely price out expectations for early rate cuts by the Fed. The central bank is now only expected to begin trimming rates in September, or even the fourth quarter.

Asian stocks rise.

Most Asian stocks rose on Monday as technology shares tracked strong gains in their Wall Street peers, while Chinese markets advanced after the government further loosened some restrictions on the property market.

Regional markets looked past fears of higher-for-longer U.S. rates following strong inflation data released last week. But said fears are expected to ramp up as a Federal Reserve meeting draws closer this week.

Tech was the best performer for the day, tracking a strong session on Wall Street on Friday following blowout earnings from Microsoft Corporation (NASDAQ:MSFT) and Alphabet Inc (NASDAQ:GOOGL). U.S. stock index futures rose in Asian trade on Monday.

Strength in tech also helped markets look past data showing sticky U.S. inflation, which sets up the prospect of more hawkish signals from a Federal Reserve meeting later this week.

Bitcoin price today slips to \$62k.

Bitcoin price fell on Monday as sentiment towards cryptocurrencies remained dour in the face of higher-for-longer U.S. interest rates, while changes to collateral rules by the DTCC also presented some headwinds for crypto.

Bitcoin fell 2.5% over the past 24 hours to \$62,314.6 by 01:37 ET (05:37 GMT). The token was now trending closer to the lower end of a \$60,000 to \$70,000 trading range established since mid-March.

DTCC revokes collateral for Bitcoin, crypto

The Depository Trust & Clearing Corporation (DTCC), a major private financial markets clearing and settlement services provider, said it will no longer allocate collateral to exchange-traded funds or any other investment funds with exposure to Bitcoin and crypto.

The move will be effective from April 30, and dampens the appeal of crypto, which usually serves as a major vehicle for speculation.

Rate fears quash Bitcoin price, Fed awaited

The DTCC decision spurred extended losses in Bitcoin, which was already nursing losses over the past week. Fears of higher-for-longer U.S. interest rates were the biggest weight on Bitcoin in recent sessions, given that the token and the broader crypto space usually benefit from a low-rate, high-liquidity environment.

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