

MARKET UPDATE

08/05/2024

Asia FX weakens, dollar firm.

Most Asian currencies weakened on Wednesday, while the dollar firmed as comments from Federal Reserve officials saw markets rethink expectations for U.S. interest rate cuts.

The Japanese yen remained an underperformer among its peers, weakening against the dollar even as government officials kept up their warnings of more potential intervention in currency markets.

Underperformance in the Australian dollar also persisted after the Reserve Bank of Australia struck a less hawkish chord than expected on Tuesday.

Japanese yen weakens, USDJPY rises despite intervention threats

The Japanese yen's USDJPY pair- which is inversely representative of strength in the yen- rose 0.3% and past the 155 level, moving back towards 34-year highs of over 160 hit last week.

The pair had tumbled from those levels after the Japanese government seemingly intervened in currency markets on two separate occasions, while some weakness in the dollar also aided the yen.

But with markets now questioning the outlook for interest rate cuts in the U.S., traders resumed their speculation against the yen, even as Japanese officials warned against sustained weakness in the currency.

Bitcoin price today falls to \$62k.

Bitcoin price fell on Wednesday, further reversing a rebound seen over the weekend as persistent concerns over more regulatory scrutiny against the crypto industry kept traders largely wary of buying in.

Broader crypto prices were also pressured by uncertainty over U.S. interest rates, after several Federal Reserve officials signalled this week that the central bank was more likely to keep rates unchanged in 2024. The dollar rebounded from recent losses after their comments. Bitcoin fell 1.5% in the past 24 hours to \$62,523.2 by 00:44 ET (04:44 GMT). The world's largest cryptocurrency remained comfortably within a trading range seen for most of the past two months, as momentum in the token waned after it hit a record high in March.



Oil slips on rising US stockpiles.

Oil prices fell in early Asian trade on Wednesday as industry data showed a pile up in both crude and fuel inventories in the U.S., a sign of weak demand, and cautious supply expectations emerged ahead of an OPEC+ policy meeting next month.

Brent crude oil futures fell 30 cents, or 0.36%, to \$82.86 a barrel by 0348 GMT. U.S. West Texas Intermediate crude futures fell 25 cents, or 0.32%, to \$78.13 a barrel.

Both benchmarks fell marginally in the previous session on signs of easing supply tightness and weaker global oil demand from an EIA forecast report on Tuesday. [EIA/M]

U.S. crude stocks rose by 509,000 barrels in the week ended May 3, market sources said citing American Petroleum Institute figures. Gasoline and distillate fuel inventories also rose, they said.

"API numbers released overnight were moderately bearish due to stock builds in both crude and products... Concern over weaker-than-usual U.S. gasoline demand and this stock-build have weighed on the prompt RBOB gasoline crack," said ING analysts in a client note.

Official U.S. government data on stockpiles is due at 1430 GMT. Analysts polled by Reuters expect U.S. crude oil inventories to have fallen by about 1.1 million barrels last week. [EIA/S]

Cautious expectations on supply cuts from the Organization of the Petroleum Exporting Countries and associates (OPEC+) ahead of a June 1 policy meeting also weighed on markets.

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