

MARKET UPDATE

14/05/2024

Asia FX muted as dollar steadies ahead of inflation data.

Most Asian currencies moved little on Tuesday, tracking a steady dollar as traders remained largely focused on upcoming U.S. inflation readings that are likely to factor into the outlook for interest rates.

The Japanese yen was also a point of focus, as sustained weakness in the currency put traders on guard over any more potential intervention by the government.

Most regional currencies were nursing recent losses against the dollar, as traders remained largely biased towards the greenback ahead of more cues on U.S. interest rates.

Japanese yen on intervention watch as USDJPY crosses 156

The yen's USDJPY pair, which is inversely representative of strength in the currency, rose 0.1% on Tuesday and was trading well above 156 yen.

Gold prices edge higher.

Gold prices rose slightly in Asian trade on Tuesday, recovering marginally from steep losses in the prior session as focus remained squarely on upcoming U.S. inflation data for more cues on interest rates.

While the yellow metal saw some strength last week, it remained well below record highs hit in April, with traders remaining biased towards the dollar amid fears of high-for-longer U.S. rates.

Spot gold rose 0.3% to \$2,343.60 an ounce, while gold futures expiring in June rose 0.3% to \$2,349.05 an ounce by 00:22 ET (04:22 GMT).

PPI, CPI inflation awaited for more rate cues

U.S. producer price index data was due later on Tuesday, while the more closely-watched consumer price index reading was due on Wednesday.

Both readings are likely to factor into the outlook for U.S. interest rates, after overheated inflation readings through the first quarter saw markets largely price out most bets on interest rate cuts this year.

Retail traders sit out bitcoin rally.

What's happened to the army of retail traders who used to drive bitcoin's biggest rallies?

U.S. crypto exchange Coinbase (NASDAQ:COIN) reported just \$56 billion in consumer trading volumes in the first quarter of 2024, when bitcoin leapt to record heights close to \$74,000.

While that represents a fledgling recovery in retail interest - almost double the level in the final quarter of last year - it's way below the \$133.75 billion quarterly average during the last comparable rally in 2021.

The retail investor was in the driving seat of that wild 2021 ride, as COVID lockdowns, cheap money and personal savings drove up prices of "meme" stocks and spawned bouts of intense FOMO, or fear of missing out. By contrast, the latest rally was a more solemn, institutional affair propelled by the birth of U.S. bitcoin exchange-traded funds.

"It's the million-dollar question in crypto right now - when will retail traders come back?" said Michael Rinko, analyst at Delphi Digital.

In another sign of the retail retreat, Google (NASDAQ:GOOGL) trends data shows search interest in the term "bitcoin" in March was only half of the peak in 2021.

Some small-time investors are still nursing the chills of the more than two-year long crypto winter, when bitcoin stayed limp at levels between \$20,000 to \$30,000.

Important Note: The information found on Ausprime platform is intended only to be informative, is not advice nor a recommendation, nor research, or a record of our trading prices, or an offer of, or solicitation for a transaction in any financial instrument and thus should not be treated as such. The information provided does not include any specific investment objectives, financial situation and needs of any specific person who may receive it. The past performance is not a reliable indicator of future performance and/or results. Past Performance or Forward-looking scenarios are not a guarantee of future performance. Actual results may differ materially from those anticipated in forward-looking or past performance statement

