

MARKET UPDATE

15/05/2024

Gold prices steady as dollar eases.

Gold prices steadied in Asian trade on Wednesday, taking advantage of a softer dollar as markets hunkered down before key U.S. consumer inflation data which is likely to factor into the outlook for interest rates.

Among industrial metals, copper prices rose to over two-year highs, as the prospect of tighter supplies and fiscal stimulus in top importer China helped offset concerns over sluggish demand.

Gold saw overnight gains after comments from Federal Reserve Chair Jerome Powell suggested that U.S. rates will not rise any further. These comments were also a key factor in the dollar's decline.

Spot gold steadied at \$2,357.65 an ounce, while gold futures expiring in June rose 0.1% to \$2,361.90 an ounce by 00:50 ET (04:50 GMT).

CPI data awaited after PPI surprises to the upside

Markets were now focused squarely on consumer price index data for April, especially after producer price index data released overnight surprised to the upside.

Dollar droops to one-month low vs euro.

The dollar dipped to a one-month low versus the euro on Wednesday amid lower Treasury yields as traders braced for a key U.S. inflation report later in the day that could dictate the path of Federal Reserve policy.

However, the yen hovered close to a two-week low as a still-gaping yield gap between local bonds and U.S. peers continued to encourage selling of the Japanese currency.

The euro edged up 0.03% to \$1.0823 in Asian trading hours, and earlier rose to \$1.0828 for the first time since April 10.

The U.S. dollar index - which measures the currency against six top rivals, but is heavily weighted towards the euro - eased 0.11% to 104.94, after dipping to a 1-1/2-week low of 104.92 earlier.

The benchmark long-term U.S. Treasury yield edged down to 4.4414%, extending a 3-1/2-basis point (bp) retreat overnight.



Bitcoin price today pinned below \$62k.

Bitcoin price fell slightly on Wednesday, seeing little positive movement even as the dollar weakened, although traders remained largely risk-averse ahead of key U.S. consumer inflation data.

The world's largest cryptocurrency fell 0.9% over the past 24 hours to \$61,974.9 by 01:28 ET (05:28 GMT).

Bitcoin saw little relief even as the dollar sank on Tuesday, after Federal Reserve Chair Jerome Powell said that current monetary policy was restrictive enough, indicating that interest rates will not rise further.

But Powell warned that the central bank had little confidence that inflation was moving back towards its 2% annual target.

This came after producer price index data read hotter than expected for April, potentially setting the stage for a strong consumer price index reading later on Wednesday.

Signs of dwindling capital flows into Bitcoin and crypto investment products, along with the threat of more regulatory action, also kept sentiment towards crypto markets muted.

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