

MARKET UPDATE

17/05/2024

Gold prices trim some weekly gains.

Gold prices fell slightly on Friday, trimming some of their gains for the week as comments from a slew of Federal Reserve officials offered a more sobering outlook on interest rate cuts.

The yellow metal had risen to nearly \$2,400 an ounce this week in the immediate aftermath of some soft U.S. economic readings. But it pulled back from these levels on Thursday and Friday.

Spot gold steadied at \$2,377.40 an ounce, while gold futures expiring in June fell slightly to \$2,381.10 an ounce by 00:19 ET (04:19 GMT).

Gold retreats as Fed officials downplay rate cuts, but weekly gains due

The yellow metal fell on Thursday after a string of Fed officials cautioned against bets on immediate reductions in interest rates.

Several members of the central bank's rate setting committee said the central bank will need much more convincing that inflation was coming down beyond a marginally soft inflation reading for April.

Asia FX weakens as dollar recovers.

Most Asian currencies retreated on Friday as the dollar recovered a measure of recent losses after a string of Federal Reserve officials warned that bets on interest rate cuts may be premature.

While the greenback was still headed for some weekly losses, it was trading well above a one-month low hit on Thursday. U.S. Treasury yields also rebounded, pressuring risk-driven markets.

Regional factors also weighed on Asian currencies, as economic data from China and Japan underwhelmed.

The Chinese yuan's USDCNY pair rose 0.1%, moving back to six-month highs above 7.22.

Economic readings from the country continued to offer middling signals on an economic recovery. Data on Friday showed industrial production grew more than expected in April.

Asian stocks dip as rate cut rally cools.

Most Asian stocks fell on Friday as warnings from a slew of Federal Reserve officials saw investors reassess expectations of interest rate cuts, while mixed economic readings from China prompted increased caution.

Regional markets took a weak lead-in from Wall Street, as U.S. stock benchmarks closed lower after briefly touching record highs. U.S. stock index futures also tread water in Asian trade.

A string of Fed officials warned that it was still too soon to call for interest rate cuts by the central bank, and that the Fed needed more confidence to begin loosening policy.

Their comments largely undermined optimism over some softer U.S. consumer inflation readings for April, which had seen investors begin pricing in an increased possibility of a September rate cut.

Some middling economic data from China also weighed on sentiment on Friday, although the country's major tech companies were a sole bright spot among Asian shares.

Chinese markets retreat on mixed data

China's Shanghai Shenzhen CSI 300 and Shanghai Composite fell about 0.2%, as a flurry of economic readings presented a mixed outlook for Asia's biggest economy.

Industrial production grew more than expected in April, indicating that manufacturing activity was recovering. But on the other hand, retail sales missed expectations by a wide margin, as did fixed asset investment.

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