MARKET UPDATE

29/05/2024

Dollar steady ahead of inflation data.

The dollar was bolstered on Wednesday by rising expectations the Federal Reserve is unlikely to cut rates until later this year ahead of crucial inflation readings this week, while the yen drifted to its weakest in four weeks.

The dollar was also lifted by rising Treasury yields after a lacklustre debt auction for sales of two-year and five-year notes that raised doubts about demand for U.S. government debt.

The euro was 0.09% lower at $1.0848 but on course for a 1.7% gain for the month, its first month of gains in 2024. Sterling was last at $1.27525, on course for a 2% gain in May.

Data on Tuesday showed U.S. consumer confidence unexpectedly improved in May after deteriorating for three straight months, but worries about inflation persisted and many households expected higher interest rates over the next year.

The mixed survey comes as markets contemplate the Fed's next move, with traders pricing in 34 basis points of cuts this year compared with 150 bps of easing priced in at the start of 2024.

Oil advances.

Oil prices rose in Asian trading on Wednesday on expectations major producers will maintain output cuts at a meeting this Sunday, and that fuel consumption should begin rising with the start of the peak summer demand season.

Brent crude futures for July delivery added 15 cents, or 0.2%, to $84.37 a barrel by 0304 GMT. U.S. West Texas Intermediate futures for July climbed 25 cents, or 0.3%, to $80.08. Both benchmarks gained more than 1% a day earlier.

Traders and analysts expect the Organization of the Petroleum Exporting Countries and its allies including Russia, known as OPEC+, to keep voluntary production cuts totalling about 2.2 million barrels per day in place.

The anticipation of OPEC+ members extending their output cuts has injected optimism into the markets and the move will be seen as a concerted effort to stabilise prices and rebalance the global oil market, said Sugandha Sachdeva, founder of Delhi-based research firm SS WealthStreet.

+357 25 752 420 +357 25 752 450 info@ausprime.eu
Spyrou Kyprianou 41 Avenue, Steratzias Court 2, 1st floor, Flat 103, 4003, Mesa Geitonia, Limassol

Gold prices steady amid rate jitters.

Gold prices steadied in Asian trade on Wednesday as focus remained squarely on upcoming cues on U.S. inflation and interest rates, although a somewhat hawkish outlook on rates kept traders cautious towards metal markets.

Among industrial metals, copper prices also traded rangebound as optimism over Chinese stimulus measures cooled and as traders awaited more economic cues from the world's biggest copper importer.

Spot gold fell 0.1% to $2,358.93 an ounce, while gold futures rose 0.1% to $2,359.80 an ounce ahead of their expiration this week.

Prices of the yellow metal remained steady even as the dollar and Treasury yields firmed in overnight trade.

Gold steadies, interest rate cues in focus

While gold prices were steady, they remained about $100 below record highs hit last week.

Focus among metal markets was squarely on more cues on U.S. interest rate cuts, especially as a slew of hawkish signals from the Fed saw traders steadily price out expectations for a cut in September.

+357 25 752 420 +357 25 752 450 info@ausprime.eu
Spyrou Kyprianou 41 Avenue, Steratzias Court 2, 1st floor, Flat 103, 4003, Mesa Geitonia, Limassol