

MARKET UPDATE

31/05/2024

Gold prices steady with PCE test in focus.

Gold prices steadied in Asian trade on Friday, with traders remaining wary of the yellow metal before key U.S. inflation data that is likely to factor into the outlook for interest rates.

Among industrial metals, copper prices slipped tracking weaker-than-expected purchasing managers index data from top importer China.

Metal markets saw some relief on Friday after the dollar slid from over two-week highs in overnight trade, tracking weak gross domestic product figures. But this relief was limited, as fears of sticky inflation and high interest rates persisted before key inflation data.

Spot gold steadied at \$2,342.86 an ounce, while gold futures expiring in August fell 0.1% to \$2,363.80 an ounce by 00:19 ET (04:19 GMT). The yellow metal was still set to gain about 2.6% in May, after it shot up to record highs earlier in the month.

Gold trims May gains, PCE test looms

But gold was now trading about \$100 below its May record highs, as fears of high-for-longer U.S. interest rates sparked some profit-taking in the yellow metal.

Asia FX weakens as China PMIs disappoint data.

Most Asian currencies drifted lower on Friday, with the Chinese yuan moving back towards six-month lows after disappointing business activity readings, while the dollar steadied in anticipation of key inflation data.

Regional currencies also remained under pressure amid persistent concerns over high-for-longer U.S. interest rates, as hawkish comments from Federal Reserve officials continued to trickle in.

But they saw some relief on Thursday, as the dollar fell from over two-week highs following a softer reading on gross domestic product data.

Dollar steadies from overnight losses, PCE test awaits

The dollar index and dollar index futures rose 0.1% in Asian trade, steadying from overnight losses after a revised reading on first-quarter GDP showed the economy grew less than initially expected.

The reading signaled cooling in the U.S. economy, driving up some hopes that the Fed could eventually soften its hawkish stance to foster economic growth.

Bitcoin price today steady at \$68k.

Bitcoin price moved little on Friday as traders remained averse towards cryptocurrencies before key U.S. inflation data that is likely to factor into the outlook for interest rate, although the token was still sitting on strong gains in May.

Crypto prices took little relief from an overnight decline in the dollar, as fears of high-for-longer interest rates remained in play despite a downward revision to first-quarter gross domestic product data.

Bitcoin rose 0.5% in the past 24 hours to \$68,489.9 by 01:13 ET (05:13 GMT), and was set to rise nearly 13% in May.

But despite its gains for the month, the token still remained within a \$60,000 to \$70,000 trading range established since mid-March.

Inflation, interest rates in focus ahead of PCE data

Rate fears were the biggest factor behind Bitcoin's rangebound performance, as the prospect of high interest rates dampened the price outlook for the token and the broader crypto market.

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