

MARKET UPDATE

05/06/2024

Oil near 4-mth low.

Oil prices hovered near four-month lows in Asia on Wednesday as markets digested an OPEC+ decision to boost supply later this year and following an increase in U.S. crude and fuel stocks.

Brent crude futures were up 4 cents at \$77.56 a barrel by 0307 GMT, while U.S. West Texas Intermediate crude futures were flat at \$73.25 a barrel.

Both contracts fell nearly a dollar on Tuesday to their lowest settlement levels since early February, and had declined around \$3 a barrel on Monday.

The slide followed news from the Organization of the Petroleum Exporting Countries and its allies of plans to increase supply from October despite recent signs of weakening demand growth.

"Brent remains under pressure as a corner of the market continues to view OPEC's proposed taper timeline for the voluntary cuts as a binding commitment to increase by 500,000 barrels per day in Q4 2024 irrespective of the fundamental oil outlook or sentiment come summer's end," RBC Capital head of commodities research, Helima Croft, said in a market note.

Asian stocks mixed before more rate cues.

Asian stocks were a mixed bag on Wednesday as caution before more cues on interest rates kept investors to the sidelines, while Japanese markets fell sharply as strong wage data spurred fears of tighter monetary policy.

Regional stocks tracked some strength on Wall Street following mild overnight gains, as a swathe of weak U.S. economic data fueled bets on eventual interest rate cuts by the Federal Reserve.

U.S. stock futures rose slightly in Asian trade, although focus remained squarely on upcoming nonfarm payrolls data this week.

Japan's Nikkei 225 slips as higher wages spur BOJ concerns

Japan's Nikkei 225 index fell 0.8% on Wednesday, while the broader TOPIX lost 1.2% after data showed average cash earnings in the country grew much more than expected in April. Overall wage income of employees also rose, as the wage hikes won by Japanese unions earlier this year began to take effect.

Gold prices rangebound.

Gold prices rose in Asian trade on Wednesday, but stuck to a range seen for nearly two weeks amid continued speculation over when the Federal Reserve will begin cutting interest rates.

Among industrial metals, copper prices hit a near one-month low, wiping out most of a run to record highs through May, amid growing concerns over slowing global economic growth.

Gold saw some respite as the dollar sank to two-month lows this week. But the greenback staged a mild recovery on Wednesday.

Spot gold rose 0.4% to \$2,337.35 an ounce, while gold futures expiring in August rose 0.4% to \$2,357.05 an ounce by 00:46 ET (04:46 GMT). But spot gold remained squarely within a \$2,300 to \$2,350 an ounce range seen for nearly two weeks, a range it entered after tumbling from record highs hit in May.

Gold rangebound amid rate cut speculation

Traders remained wary of betting big on the yellow metal, even as a batch of weak U.S. economic data fueled increased speculation that the Fed will begin cutting rates in September.

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