

MARKET UPDATE

07/06/2024

Gold prices rise towards \$2,400.

Gold prices rose in Asian trade on Friday, coming close to key highs as bets on interest rate cuts by the Federal Reserve grew in anticipation of key nonfarm payrolls data due later in the day.

The yellow metal was set for weekly gains as a string of week U.S. economic readings pushed up expectations that the Fed will begin cutting rates in September. This notion pushed the dollar to two-month lows.

Interest rate cuts by the Bank of Canada and the European Central Bank also boosted optimism over looser monetary policy, which benefits metal markets.

Gold heads for weekly gains, nonfarm payrolls awaited

Spot gold was set to add about 2.6% this week, as soft readings on the U.S. economy- particularly the labor market- fed expectations of interest rate cuts.

Oil holds ground on OPEC+ reassurances.

Oil prices ticked higher on Friday, as reassurance from OPEC+ members Saudi Arabia and Russia indicated readiness to pause or reverse output agreements, but markets were headed for their third straight weekly loss.

Brent crude futures rose 14 cents, or 0.2%, to \$80.01 per barrel and U.S. West Texas Intermediate crude futures rose 16 cents, or 0.2% to \$75.71 as at 0657 GMT.

"Oil prices managed to regain some ground over the past few days, tapping on some reassurances from OPEC+ around their latest supply decision," said Yeap Jun Rong, market strategist at IG.

"We may expect oil prices to hover around the \$76 to \$80 level, as sentiments attempt to stabilise while awaiting cues for the next step."

Prices rallied on Thursday when Saudi Arabia and Russia tried to reassure markets on supply pacts. But they are set for a third straight week of declines after analysts saw Sunday's OPEC+ meeting as indicating rising supply, which is bearish for prices.

The Organization of the Petroleum Exporting Countries and allies, including Russia, agreed to extend most production cuts into 2025 but left room for voluntary cuts from eight members to be unwound gradually.

Bitcoin price today steady at \$71k.

Bitcoin price rose slightly on Friday, steadying close to record highs amid support from a weaker dollar and growing bets on U.S. interest rate cuts ahead of key nonfarm payrolls data.

Bitcoin rose 0.6% in the past 24 hours to \$71,327.6 by 01:55 ET (05:55 GMT). The token was set to add over 5% this week after it broke out of a \$60,000 to \$70,000 trading range established since mid-March.

Rate cut bets mount ahead of nonfarm payrolls data

Bitcoin and broader crypto prices were boosted by growing expectations that the Fed will begin cutting interest rates by September.

A slew of weak U.S. economic readings supported this notion, as traders bet that a cooling U.S. economy will give the Fed more confidence to loosen monetary policy. The dollar tumbled this week, also benefiting risk-driven assets.

The readings came ahead of key nonfarm payrolls data, which is due later on Friday and is expected to offer more definitive cues on the labor market and interest rates.

Looser monetary conditions bode well for risk-heavy, speculative assets such as cryptocurrencies, given that they free up more capital that can be then directed towards speculative plays into crypto.

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