

# MARKET UPDATE

**14/06/2024**

## **Oil prices set for best week in over 2 months.**

Oil prices eased on Friday as markets evaluated the impact of U.S. interest rates staying higher for longer than anticipated, but crude benchmarks headed for their best week in more than two months after solid projections for crude and fuel demand.

Brent crude futures were down 42 cents, or 0.5%, at \$82.33 a barrel by 0646 GMT. West Texas Intermediate (WTI) U.S. crude futures lost 51 cents, or 0.7%, to trade at \$78.11 a barrel.

However, Brent and the U.S. benchmark gained over 3% for the week - the best week since April 5.

The Organization of Petroleum Exporting Countries (OPEC) stuck to a forecast for relatively strong growth in global oil demand for 2024 and Goldman Sachs projected solid U.S. fuel demand this summer.

## **Asia FX muted; yen slides.**

Most Asian currencies were muted on Friday amid concerns over high-for-longer U.S. interest rates, while the Japanese yen weakened sharply after the Bank of Japan struck a dovish tone.

Sentiment towards regional markets was also dented by new European Union trade tariffs against China, which pushed up concerns over a renewed trade war.

Regional currencies were pressured by a rebound in the dollar, which recovered all of its losses seen through the week as hawkish signals from the Federal Reserve offset some signs of cooling inflation.

Japanese yen weakens, USDJPY surges as BOJ sings dovish

The Japanese yen was the worst performer among its peers on Friday, with the USDJPY pair surging 0.5% and coming close to 158 after the BOJ disappointed markets with its plans to tighten policy.

The BOJ kept rates steady and said it will only provide clear signals on its plans to begin reducing its bond purchases at its July meeting, and that it was meeting with market participants in the interim to gain more insight.

## Gold prices muted as dollar rebounds.

Gold prices moved little in Asian trade on Friday, pressured by a rebound in the dollar as the prospect of fewer U.S. interest rate cuts largely offset optimism over some cooling in inflation.

While the yellow metal marked some gains for the week, it was nursing a sharp tumble from record highs in the face of high interest rates.

Spot gold rose 0.1% to \$2,305.23 an ounce, while gold futures expiring in August rose 0.1% to \$2,320.15 an ounce by 00:56 ET (04:56 GMT).

### Gold pressured by outlook of high rates

Gold and broader metal prices retreated in recent sessions after the Federal Reserve said it expected to cut interest rates only once in 2024, compared to earlier forecasts for three cuts.

While the yellow metal marked some gains after softer-than-expected consumer price index data weighed on the dollar, traders eventually pivoted back into the dollar following the Fed's forecast.

Softer-than-expected producer price index data did little to deter the dollar's rebound, while Treasury yields also recovered from lows hit earlier this week.

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