MARKET UPDATE

21/06/2024

Dollar hits multi-week highs.

The U.S. dollar pushed to a fresh eight-week top above 159 yen and clung close to a five-week peak to sterling on Friday, with the Federal Reserve's patient approach to cutting interest rates contrasting with more dovish stances elsewhere.

The dollar index, which measures the currency against six major peers including the yen, sterling, euro and Swiss franc, spiked 0.41% overnight, erasing declines for the week, following a second successive rate cut at the Swiss National Bank and hints from the Bank of England for a reduction in August.

Meanwhile, the yen has remained on the back foot after the Bank of Japan's decision last week to hold off on reducing bond buying stimulus until its July meeting.

As a result, "traders punished the yen with renewed enthusiasm," driving it past the closely watched 159 per dollar level on Friday, said Tony Sycamore, market analyst at IG.

The BOJ, at the behest of Japan's finance ministry, spent some 9.8 trillion yen ($61.64 billion) to yank the currency back from a 34-year trough of 160.245 per dollar, reached on April 29.

Asian shares end the week with a whimper.

Asian shares are ending the week with a whimper after a recent rally to 26-month highs drew profit-taking, while the relentless strength in the U.S. dollar pushed the Japanese yen towards the intervention zone.

Europe is set for a flat open, having bounced a day earlier as rate cuts there gathered pace. Both EUROSTOXX 50 futures and FTSE were little changed but S&P 500 futures rose 0.1% and Nasdaq futures gained 0.2%.

Overnight, the Swiss National Bank cut rates for a second time while the Bank of England opened the door to an easing in August after holding rates steady. Sterling, the Swiss franc and the euro fell, lifting the dollar broadly.

MSCI's broadest index of Asia-Pacific shares outside Japan fell 0.6% on Friday, dragged lower by a pull-back in technology shares, tracking a mixed session on Wall Street overnight. The index is set for a weekly gain of 0.9% after rising to its highest since April 2022 on Wednesday as a recent run of soft U.S. data reinforced bets of two rate cuts from the Federal Reserve to come this year.

Oil prices set for second week of gains.

Crude oil futures were little changed on Friday but were set to rise for a second week amid signs of improving demand and falling oil and fuel inventories in the U.S., the world's biggest oil consumer.

Brent futures for August settlement dipped 15 cents to $85.56 a barrel by 0356 GMT after rising 0.8% in the previous session.

U.S. West Texas Intermediate crude futures for August delivery was down 14 cents to $81.15 per barrel. The July contract expired on Thursday at $82.17 a barrel, up 0.7%.

Prices have risen about 5% since the beginning of the month to the highest level in over seven weeks.

"The seasonal demand increase, as shown by the latest EIA data, renewed confrontation between Israel and Hezbollah, and the hurricane season could sustain price strength into the summer," Citi analysts said in a note.

U.S. government data released on Thursday showed total product supplied, a proxy for the country's demand, rose by 1.9 million barrels per day (bpd) on the week to 21.1 million bpd.

The data from the Energy Information Administration (EIA) showed drawdown in U.S. crude stockpiles by 2.5 million barrels in the week ending June 14 to 457.1 million barrels, compared with analysts' expectations for a 2.2 million-barrel draw.

Gasoline inventories fell by 2.3 million barrels to 231.2 million barrels, the EIA said, compared with forecasts for a 600,000-barrel build.

Demand prospects elsewhere also helped push prices higher.

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