

MARKET UPDATE

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Aussie supported after inflation spike.

The Australian dollar rallied on a surprise jump in inflation on Wednesday, while the U.S. dollar kept downward pressure on the yen and yuan as traders waited on the release of U.S. price data at the end of the week.

Australian inflation accelerated to a six-month high in May, which had traders scrambling to price in a risk of a rate hike and sent the Aussie dollar up 0.5% to \$0.6678. [AUD/]

"Short-term interest rate markets are at least beginning to price in just over a 50% chance of a hike by September, which seems sensible," said ING economist Rob Carnell.

A similar surprise in Canadian inflation had sent the Canadian dollar briefly spiking to a three-week high as investors dialled back expectations of further cuts. [CAD/]

Elsewhere the euro was steady at \$1.0710 in Asia and the yen, at 159.78 per dollar, had markets on alert for intervention since that level is only a whisker shy of where Japanese authorities are believed to have stepped in to buy yen in April.

Asian shares wobble as investors wary before US inflation data.

Asian stocks stuttered in choppy trade on Wednesday as markets braced for a key U.S. inflation reading, while the yen lurked just shy of 160 per dollar level, keeping traders on alert for another round of intervention by Japanese authorities.

Risk sentiment was also capped as hawkish comments from Federal Reserve officials kept near-term U.S. rate cut expectations in check in a boost to the dollar. A jump in Australian consumer inflation to a six-month high in May lifted the Australian dollar to its highest in two weeks.

MSCI's broadest index of Asia-Pacific shares outside Japan struggled for direction and was flat at 566.53, not far from the two-year high of 573.38 it hit last week.

Japan's Nikkei and Taiwan stocks rose, led by chipmakers, tracking the rally in tech heavy Nasdaq on Tuesday, with Nvidia (NASDAQ:NVDA) surging over 6%, snapping out of a three-session tailspin that had erased about \$430 billion from its market value.

European stocks also looked poised for a strong start, with Eurostoxx 50 futures up 0.4% and German DAX futures 0.3% higher. FTSE futures were 0.2% higher.

European stocks higher, boosted by tech rebound.

European stock markets rose Wednesday, buoyed by a rally in tech stocks on Wall Street overnight, although gains have been limited by weakening regional confidence and political uncertainty.

At 03:10 ET (07:10 GMT), the DAX index in Germany traded 0.7% higher, the CAC 40 in France rose 0.5% and the FTSE 100 in the U.K. climbed 0.3%.

Nvidia rebounds helps tone

European equity indices pushed higher, carrying on the positive tone seen in Asia earlier in the session, and on Wall Street overnight, following a rebound in heavyweight chipmaking stocks, particularly Nvidia (NASDAQ:NVDA).

Nvidia, the dominant supplier of artificial intelligence hardware and software, surged more than 6%, snapping a three-session slide that erased about \$430 billion from its market value.

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