MARKET UPDATE

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Gold prices tick lower with payrolls in focus.

Gold prices fell slightly in Asian trade on Tuesday, remaining in a tight trading range as anticipation of a slew of cues on U.S. interest rates kept traders largely averse towards metal markets.

The yellow metal was nursing a fall through June, as fears of high U.S. interest rates pushed up the dollar and Treasury yields. Gold also remained stuck around $2,300 an ounce.

Spot gold fell 0.2% to $2,326.47 an ounce, while gold futures expiring in August fell 0.1% to $2,335.80 an ounce by 00:29 ET (04:29 GMT).

Gold muted with more rate cues on tap

Gold remained rangebound with focus largely on a slew of cues on interest rates due this week.

Federal Reserve Chair Jerome Powell is set to speak at a European Central Bank conference later on Tuesday, although the Fed Chair is unlikely to provide any new cues on interest rates.

Asia FX muted as dollar steadies.

Most Asian currencies weakened slightly on Tuesday as the dollar recovered from recent losses before a barrage of cues on interest rates, while the Japanese yen weakened further into territory last seen 38 years ago.

Regional currencies saw little support even as traders priced in an increased chance of a September interest rate cut by the Federal Reserve. Anticipation of more cues from the Fed and on the U.S. labor market kept appetite for risk-driven assets limited.

Japanese yen weakens, USDJPY rises with intervention in focus

The Japanese yen continued to lag its Asian peers, with the USDJPY pair, which gauges the number of yen needed to purchase one dollar, up 0.1% at 161.64 yen. The pair hovered around its highest level since 1986.

Sustained weakness in the yen sparked continued speculation over potential government intervention in currency markets. Japanese ministers said they remained vigilant over currency market moves, although the USDJPY pair was trading comfortably above the 160 yen level that had last spurred intervention in May.

+357 25 752 420 +357 25 752 450 info@ausprime.eu
Spyrou Kyprianou 41 Avenue, Steratzias Court 2, 1st floor, Flat 103, 4003, Mesa Geitonia, Limassol

Oil trades near two-month high on summer demand outlook.

Oil prices were little changed on Tuesday, holding near the two-month highs reached in the previous session, on expectations for rising fuel demand from the summer travel season and possible U.S. interest rate cuts that could boost economic growth.

Brent crude futures rose 28 cents to $86.88 per barrel as of 0634 GMT after gaining 1.9% in the previous session to the highest close since April 30.

U.S. West Texas Intermediate (WTI) crude rose 20 cents to $83.58 a barrel, after gaining 2.3% to its highest since April 26.

The oil price movement "appears to be more fear and sentiment driven than fundamentals," said Vandana Hari, founder of oil market analysis provider Vanda (NASDAQ:VNDA) Insights, pointing to the outlook for summer fuel demand, the higher chance of conflict between Israel and Iran and Hurricane Beryl as supportive factors.

Gasoline demand in the U.S., the world's biggest oil consumer, is expected to ramp up as the summer travel season picks up with the Independence Day holiday this week. The American Automobile Association has forecast that travel during the holiday period will be 5.2% higher than in 2023, with car travel alone 4.8% higher than a year earlier.