

MARKET UPDATE

03/07/2024

Gold prices gain some ground as dollar falls.

Gold prices rose in Asian trade on Wednesday, seeing some relief as the dollar retreated on some positive comments from Federal Reserve Chair Jerome Powell.

But the yellow metal still remained within a trading range established through most of June, as anticipation of more cues on U.S. interest rates kept traders biased towards the dollar.

Spot gold rose 0.1% to \$2,332.16 an ounce, while gold futures expiring in August rose 0.3% to \$2,341.25 an ounce by 23:55 ET (03:55 GMT).

Gold rises, but payrolls, Fed cues limit gains

Strength in gold came tracking an overnight decline in the dollar, after the Fed's Powell flagged progress towards bringing down inflation.

But Powell also warned that the central bank still needed more confidence to begin trimming interest rates.

This notion, coupled with anticipation of more key cues on the U.S. economy, kept gains in gold and other metals limited.

Focus is now on the minutes of the Fed's June meeting, due later on Wednesday, as well as addresses by other Fed officials in the coming days.

Bitcoin price today down to \$60k.

Bitcoin price fell on Wednesday, extending losses seen earlier in the week as traders remained largely averse to the token amid concerns that distributions from the defunct exchange Mt Gox will spark a mass sales of the token.

Sentiment towards broader crypto markets also remained dour amid uncertainty over U.S. interest rates, with a recent drop in the dollar doing little to deter weakness in the sector.

Bitcoin fell 3.3% in the past 24 hours to \$60,976.6 by 01:14 ET (05:14 GMT). The world's biggest cryptocurrency was nursing steep losses through June and remained squarely within a trading range established since March.

Traders were largely on edge in anticipation of distributions by Mt Gox. Liquidators of the exchange signaled that they will begin returning Bitcoin stolen during a 2014 hack to clients by early-July.

Asia FX steadies as dollar dips after Powell comments.

Most Asian currencies steadied on Wednesday tracking some overnight weakness in the dollar after Federal Reserve Chair Jerome Powell flagged progress towards bringing down inflation.

The Japanese yen remained fragile and at its weakest levels in 38 years, with focus squarely on potential currency market intervention by the government.

Sentiment towards Asian markets remained weak following disappointing purchasing managers index data from China, while anticipation of more signals on U.S. interest rates also kept traders on edge.

Dollar nurses some losses, more rate cues awaited

The dollar index and dollar index futures both steadied in Asian trade after losing about 0.2% each on Tuesday.

Losses in the dollar came as Powell flagged some progress in bringing down inflation. U.S. Treasury yields also sank after Powell's speech.

But losses in the dollar were limited, given that Powell also warned that the Fed still needed more confidence to begin cutting interest rates.

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