

MARKET UPDATE

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Asia FX upbeat as rate cut bets dent dollar.

Most Asian currencies firmed on Thursday as increased expectations of interest rate cuts by the Federal Reserve dented the dollar, while a fragile yen kept traders on guard over potential government intervention.

But gains in Asian currencies were tempered by hawkish signals from the minutes of the Fed's June meeting, while anticipation of key payrolls data on Friday also kept sentiment cautious.

Japanese yen gains some ground, but intervention concerns remain

The Japanese yen took some relief from weakness in the dollar, with the USDJPY pair falling 0.2% after nearly crossing the 162 level on Wednesday.

The pair was trading well above 160- the level that had last attracted government intervention in May. With Japanese officials reiterating their commitment to defend the yen, traders remained on guard over any potential intervention in the coming days.

Traders speculated that the government would take advantage of low trading volumes during the July 4 U.S. market holiday to intervene. The government's intervention in May had taken place during a Japanese market holiday.

Bitcoin price today slumps to 2-mth low.

Bitcoin price fell sharply to a two-month low on Thursday, breaking past a key support level as uncertainty over several points of selling pressure, chiefly defunct exchange Mt Gox, saw traders remain averse towards the token.

The world's biggest cryptocurrency took little support from weakness in the dollar, which fell amid increased bets on interest rate cuts by the Federal Reserve. Broader crypto prices also followed Bitcoin lower.

Bitcoin was nursing steep losses over the past week as traders positioned for a potential mass sale event, stemming largely from defunct crypto exchange Mt Gox.

The liquidators of the exchange said they will begin returning Bitcoin stolen during a 2014 hack to clients from early July. While the scale of the distribution remained unclear, traders bet that given Bitcoin's massive price appreciation in the past decade, most receivers of the token would be inclined to sell.

Gold prices steady at 10-day high.

Gold prices steadied at a 10-day high in Asian trade on Thursday after growing bets on interest rate cuts by the Federal Reserve pulled down the dollar and Treasury yields.

But gold's advance was stalled by hawkish signals from the minutes of the Fed's June meeting, while anticipation of key nonfarm payrolls data kept traders cautious.

Spot gold rose 0.1% to \$2,359.56 an ounce, while gold futures expiring in August fell 0.1% to \$2,367.15 an ounce by 00:27 ET (04:27 GMT).

Gold benefits from rate cut bets, but caution persists

The yellow metal marked strong gains on Wednesday, tracking a sharp fall in the dollar as traders upped their bets for a rate cut in September.

The trend came following weaker-than-expected ADP employment data and a soft reading on non-manufacturing activity, which pushed up bets that the U.S. economy was cooling.

The CME Fedwatch tool showed traders pricing in an over 68% chance for a 25 basis point cut in September, up from a 59% chance seen a day ago.

Lower rates bode well for non-yielding assets such as gold, given that they diminish the appeal of Treasuries and the dollar.

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