

# MARKET UPDATE

**09/07/2024**

## **Asia FX muted as dollar steadies.**

Most Asian currencies edged lower on Tuesday as the dollar found some strength before a testimony by Federal Reserve Chair Jerome Powell, while the yen languished around 38-year lows.

Sentiment towards Asia also remained on edge amid persistent concerns over new European import tariffs on China, which could draw retaliatory measures from Beijing and spark a trade war.

The dollar index and dollar index futures rose slightly in Asian trade, steadying after clocking steep losses in the past week amid increased bets on interest rate cuts by the Fed.

Powell's testimony is set to offer more cues on this trend later on Tuesday. Beyond Powell, consumer price index data is also on tap later this week, while a slew of other Fed officials are also set to speak.

## **Gold prices advance with Powell testimony in focus.**

Gold prices rose in Asian trade on Tuesday, recouping some overnight losses as traders held out for dovish signals from an upcoming testimony from Federal Reserve Chair Jerome Powell.

The yellow metal retreated on Monday, but was still sitting on some gains through the past week as a swathe of soft labor market readings pushed up expectations for an interest rate cut in September. A weak dollar also aided gold's advance.

Spot gold rose 0.4% to \$2,367.97 an ounce, while gold futures expiring in August jumped 0.5% to \$2,374.40 an ounce by 00:21 ET (04:21 GMT).

Gold rises; Powell expected to provide more rate cues

Gold benefited from increased speculation over an interest rate cut in September, especially as the dollar retreated.

Soft readings on the labor market saw traders betting that Powell will strike a dovish chord during a two-day testimony before Congress, set to begin later on Tuesday.

## Asian stocks rise with Nikkei at record highs.

Most Asian stocks rose on Tuesday amid growing bets on lower U.S. interest rates, with Japan's Nikkei 225 index hitting a record high, while Chinese markets lagged on persistent concerns over a trade war.

Regional markets took some positive cues from Wall Street indexes, as strength in technology stocks helped the S&P 500 and the NASDAQ Composite eke out record highs.

U.S. stock index futures drifted higher in Asian trade, with focus squarely on a two-day testimony by Federal Reserve Chair Jerome Powell beginning later in the day. Investors were holding out for dovish cues from Powell after a swathe of recent readings showed some cooling in U.S. inflation and the labor market.

U.S. consumer price index inflation data is also on tap this week.

Growing expectations of interest rate cuts by the Fed boosted Asian markets in recent sessions. Markets were seen pricing in a greater chance for a cut in September.

Japan's Nikkei hits record high on tech gains, foreign buying

The Nikkei 225 index was the best performer in Asia on Tuesday, rising over 1% to a record high of 41,421.50 points. The broader TOPIX index rose 0.4% and was in sight of a record high hit last week.

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