

# MARKET UPDATE

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## Asian stocks rise on cooling recession fears.

Asian stocks rose on Friday amid cooling fears that a U.S. recession was imminent, while mildly positive inflation data from China also helped spruce up sentiment.

But regional markets were still headed for weekly losses after marking steep declines at the beginning of the week.

Asian stocks took a positive lead-in from Wall Street, as better-than-expected jobless claims data fueled hopes that the U.S. labor market was not in as dire straits as initially feared.

U.S. stock index futures rose slightly in Asian trade.

Chinese markets lag, but CPI data reads positive

China's Shanghai Shenzhen CSI 300 and Shanghai Composite indexes rose 0.3% each, relatively less than most of their Asian peers. Both indexes were down about 0.8% this week, a third straight week of losses.

But inflation data from the country showed some improving trends. Consumer price index inflation picked up more than expected, while producer price index inflation shrank at a slower than expected pace.

## Oil prices drop 1 Gold prices dip as recession fears ease.

Gold prices fell in Asian trade on Friday as positive U.S. labor data sparked a recovery in risk appetite and sapped some safe haven demand, putting the yellow metal on course for some weekly losses.

Among industrial metals, copper prices also benefited from improved risk appetite, while positive inflation data from top importer China boosted sentiment. But the red metal was nursing steep losses for the week.

Spot prices were down nearly 1% this week, coming off near record-high levels hit last week as fears of a recession ramped up safe haven demand for the yellow metal. But these fears eased through the week, especially as some strong readings on the labor market suggested that a drastic slowdown may not be on the cards.



## Asia FX firms on positive US, China readings.

Most Asian currencies strengthened on Friday as positive economic readings from the U.S. and China helped soothe concerns over a recession, although improved risk appetite put renewed pressure on the Japanese yen.

The dollar found some strength on better-than-expected labor market data, although any major advances in the greenback were quelled by persistent bets on interest rate cuts.

A risk-on rally in stock markets also helped inspire some confidence in regional markets.

### Chinese yuan firms as inflation picks up

The Chinese yuan strengthened on Friday, with the USDCNY pair falling 0.1% after a stronger-than-expected midpoint fix by the People's Bank.

The yuan was also buoyed by data showing Chinese consumer price index inflation grew more than expected in July, while producer price index inflation fell slightly less than expected.

The data indicated that recent interest rate cuts in China were helping spruce up some consumer spending and prices, although lower rates bode poorly for the yuan in the long run.

Traders were also cautious over whether Friday's reading indicated a trend, given that despite some strength in July, Chinese disinflation still remained in play.

### Japanese yen under pressure as risk sentiment improves

The Japanese yen steadied on Friday, but was nursing steep declines in recent sessions following some less hawkish signals from the Bank of Japan, and as improving sentiment also sapped the currency of safe haven demand.

The USDJPY pair fell slightly to 147.22 yen, but was trading well above lows of around 141.6 yen hit earlier in the week.

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