

MARKET UPDATE

14/08/2024

Gold prices close to record highs.

Gold prices fell slightly in Asian trade on Wednesday, but remained in sight of a record high as traders positioned for signs of easing consumer inflation after a soft reading on producer inflation.

The dollar came close to eight-month lows after a soft inflation reading on Tuesday, benefiting most metal prices. But further gains in metal markets were held back by some caution before Wednesday's consumer price index reading.

Spot gold fell 0.2% to \$2,461.11 an ounce, while gold futures expiring in December fell 0.3% to \$2,500.40 an ounce by 00:43 ET (04:43 GMT).

Gold keeps record high in sight as CPI approaches

Gold futures hit record highs this week, while spot prices were in sight of a \$2,483.78 record high.

Gains in the yellow metal came as soft producer price index inflation data on Tuesday furthered bets that the Federal Reserve will cut interest rates by 50 basis points in September, although markets were still pricing in the potential for a 25 bps cut.

The softer PPI reading ramped up hopes that CPI data due later on Wednesday will also show inflation fell in July.

Asian stocks rise amid US inflation cheer.

Most Asian stocks rose on Wednesday, tracking overnight gains on Wall Street as a soft producer inflation reading furthered bets that the Federal Reserve will begin cutting rates from September.

But Chinese stocks lagged their peers, with focus turning to upcoming earnings from some of the country's biggest firms, due in the coming days.

Regional markets took a positive lead-in from Wall Street, with U.S. stock benchmarks recouping all of last week's wipeout on positive PPI data.

U.S. stock index futures were flat in Asian trade, with focus turning to upcoming consumer price inflation data from the country for more cues on a September rate cut.

Japan rebound cools, other markets buoyant ..In Asia, Japan's TOPIX added 0.4%, while the Nikkei 225 fell 0.5% as a rebound in Japanese markets now appeared to be cooling. The cut to OPEC's 2024 forecast was the first since it was made in July 2023,



Bitcoin price today rises to \$61k.

Bitcoin price rose on Wednesday, extending an overnight rebound as risk sentiment improved amid increasing bets on a deeper U.S. interest rate cut, with focus turning to upcoming inflation data.

The Bitcoin rose 3% to \$61,024.7 by 01:19 ET (05:19 GMT), having now recouped all of its steep losses logged during a market rout last week.

But further gains in Bitcoin were still limited as institutional inflows into the token remained constrained, while uncertainty over crypto's regulatory outlook in the U.S. also weighed.

Bitcoin extends rebound as soft PPI data buoys sentiment

Gains in Bitcoin and broader crypto markets were driven chiefly by softer-than-expected producer price index inflation data on Tuesday.

The reading ramped up hopes that consumer price index data, due on Wednesday, will ease as expected. Softer inflation gives the Federal Reserve more headroom to begin cutting interest rates.

Bets on a 50 basis point cut edged higher after Tuesday's PPI reading, although traders were still pricing in the possibility of a 25 bps reduction.

Lower interest rates bode well for crypto markets, given that they increase liquidity that can be directed towards speculative markets, such as crypto.

But despite this week's rebound, Bitcoin still remained close to a trading range seen for most of this year, as it struggled to make new highs after a rally in March. The token has also largely lagged a rally in stock markets in recent sessions.

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