

MARKET UPDATE

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Asian stocks edge higher.

Asian stocks were a mixed bag on Monday, taking some support from expectations of lower U.S. interest rates although Japanese markets retreated amid pressure from the yen and bets on rate hikes by the Bank of Japan.

Regional markets took a positive lead-in from Wall Street, where the S&P 500 and the Dow Jones Industrial Average came close to record highs on Friday after comments from Federal Reserve Chair Jerome Powell cemented expectations for a September cut.

U.S. stock index futures steadied in Asian trade, with focus turning to key inflation data due this week, as well as earnings from market darling NVIDIA Corporation (NASDAQ:NVDA) for more cues on the artificial intelligence boom.

Japan's Nikkei dips as yen firms sharply

Japanese stocks lagged on a spike in the yen, with the Nikkei 225 and TOPIX down about 1% each.

The yen's USDJPY pair- which gauges the amount of yen needed to buy one dollar- fell 0.4% and was close to lows hit earlier in August, amid growing conviction that the Bank of Japan will hike interest rates further this year.

Gold prices steady above \$2,500.

Gold prices fell slightly in Asian trade on Monday, but remained in sight of record highs last week as the prospect of lower U.S. interest rates battered the dollar and presented a brighter outlook for metal markets.

The yellow metal had surged to record highs last week, headlining gains across metal markets as traders welcomed dovish comments from the Federal Reserve. Some safe haven demand also buoyed gold as ceasefire talks between Israel and Hamas yielded few results, while hostilities in the Middle East persisted.

Spot gold fell 0.1% to \$2,509.88 an ounce, while gold futures expiring in December fell 0.1% to \$2,545.10 an ounce by 00:57 ET (04:57 GMT). Spot prices hit a record high of \$2,532.05 an ounce last week.

Gold cheered by rate cut hopes, weak dollar

Gains in the yellow metal came as the dollar sank to a 13-month low, amid growing conviction that the Fed will begin trimming rates in September.

Dollar sinks vs yen, hovers near 2-1/2-year low.

The dollar sank to a three-week trough against the yen on Monday as Federal Reserve Chair Jerome Powell's emphatic dovish shift contrasted sharply with Bank of Japan chief Kazuo Ueda's steadfastly hawkish tone.

The U.S. currency hovered near its lowest in 13 months against the euro, and sagged closer to levels last seen in March 2022 versus sterling, with Bank of England head Andrew Bailey's comments that it was "too early to declare victory" over inflation signaling a less aggressive stance on interest rate cuts than the Fed.

The dollar slumped as much 0.66% to 143.45 yen for the first time since Aug. 5 before trading down 0.31% as of 0517 GMT.

Sterling eased slightly to \$1.31995 after jumping as high as \$1.32295 on Friday for the first time in 17 months.

Although Fed officials had sounded increasingly dovish in the lead up to the Fed's annual Jackson Hole symposium, Powell on Friday "used stronger language" than his peers when delivering his keynote speech, said Tapas Strickland, head of market economics at National Australia Bank (OTC:NABZY).

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