

MARKET UPDATE

27/08/2024

Asian stocks edge lower.

Most Asian stocks fell on Tuesday, with sentiment towards Chinese markets worsening after Canada joined the U.S. and Europe in imposing steep import tariffs on the country's electric vehicle sector.

Broader markets were also held back by speculation over U.S. interest rates, while caution kicked in before a closely-watched earnings report from NVIDIA Corporation (NASDAQ:NVDA) this week.

Regional markets took middling cues from a mixed overnight close on Wall Street. While the Dow Jones Industrial Average ended at a record high, this came at the expense of losses in the S&P 500 and the NASDAQ Composite, as expectations of U.S. interest rates saw traders pivot out of heavyweight technology stocks.

This trend spilled over into Asian trade. U.S. stock index futures also fell on Tuesday.

A spike in oil prices- on heightened tensions in the Middle East and disruptions in Libya- also spooked markets.

Oil pauses gains.

Oil prices paused recent advances to trade in a range on Tuesday, after a surge of more than 7% in the previous three sessions, on supply concerns prompted by fears of a wider Middle East conflict and the potential shutdown of Libyan oil fields.

Brent crude futures was up 3 cents at \$81.46 a barrel by 0630 GMT, while U.S. West Texas Intermediate crude futures dropped 6 cents to \$77.36 a barrel.

"Losses in oil prices may seem contained in today's session, which suggest prices taking a breather following a sharp rally over the past few days," said Yeap Jun Rong, market strategist at IG.

"With the jump in oil prices pricing for geopolitical risks in the Middle East and a production halt in Libya, market participants are now in some wait-and-see to assess further developments."

The rise of the previous three sessions was driven by expectations of U.S. interest rate cuts that could boost fuel demand, military assaults between Israel and Hezbollah in Lebanon over the weekend that threaten a wider Middle East conflict, disrupting supply from the key producing region and the risk of Libyan closures.

Bitcoin price today dips to \$63k.

Bitcoin's price fell on Tuesday, losing ground after a weekend rally as concerns over worsening geopolitical tensions across the globe dented risk sentiment, as did anticipation of more economic cues.

The world's largest cryptocurrency fell 1.4% to \$3,106.6 by 01:10 ET (05:10 GMT), tracking overnight declines in stock markets.

China trade jitters, oil price spike dent sentiment

Losses in crypto came in tow of broader losses across risk-driven markets, as sentiment was soured by a slew of geopolitical risks.

Canada imposed fresh trade tariffs on China, following similar measures from Europe and the U.S. and drawing Beijing's ire. The move ramped up concerns over a renewed trade war with the West, which bodes poorly for the world's biggest economies.

A spike in oil prices also spooked markets, as an Israel-Gaza ceasefire showed little signs of materializing, while a row in Libya over the central bank's leadership saw all oil production in the country grind to a halt.

The increased geopolitical risks offset recent cheer over lower U.S. interest rates, sparking losses across stock and crypto markets. Gold saw some safe haven demand, as did the dollar, which recovered from 13-month lows.

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