MARKET UPDATE

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Oil extends losses on weak China data.

Oil prices extended losses on Monday on expectations for higher OPEC+ production starting in October and as signs of sluggish demand in China and the U.S., the world's two largest oil consumers, raised concerns about future consumption growth.

Brent crude futures fell 56 cents, or 0.7%, to $76.37 a barrel by 0646 GMT while U.S. West Texas Intermediate crude slipped 45 cents, or 0.6%, to $73.10 a barrel.

The losses followed a 0.3% decline for Brent last week and a 1.7% drop for WTI.

The Organization of the Petroleum Exporting Countries (OPEC) and their allies, a group known as OPEC+, is set to proceed with a planned oil output hike from October, six sources from the producer group told Reuters.

Eight OPEC+ members are scheduled to boost output by 180,000 barrels per day (bpd) in October, as part of a plan to begin unwinding their most recent layer of output cuts of 2.2 million bpd while keeping other cuts in place until end-2025.

Dollar edges to two-week high vs euro.

The dollar climbed to a two-week top against the euro on Monday as traders pared bets for aggressive policy easing by the Federal Reserve with the focus now moving to a crucial U.S. jobs report at the end of this week.

The dollar advanced to its strongest since Aug. 21 on the yen, buoyed by a rise in long-term Treasury yields to the highest since mid-August after a closely watched measure of U.S. inflation held steady, reducing the imperative for the Fed to cut interest rates by a super-sized 50 basis points (bps) on Sept. 18.

It rose as much as 0.27% to 146.60 yen, and was last at 146.29.

The dollar index measure against major peers edged up to 101.79 early in the Asian day, a level last seen on Aug. 20.

The euro slipped slightly to $1.10430, the lowest since Aug. 19.

Traders currently lay 33% odds of a 50-bp Fed rate cut this month, versus 67% probability of a quarter-point cut. A week earlier, expectations were 36% for the larger reduction.

A U.S. public holiday on Monday makes for a potentially slow start to the week for the dollar, analysts said, but the rest of the days sees a steady flow of macroeconomic data that culminates with non-farm payrolls on Friday.

Share markets were subdued in Asia on Monday.

Share markets were subdued in Asia on Monday as investors braced for a data-packed week culminating in a U.S. jobs report that could decide whether a rate cut expected this month will be regular or super-sized.

A holiday in the United States and Canada made for thin liquidity, while wins for far-right parties in German state elections added a fresh layer of political uncertainty.

The dollar clung to much of the gains made on Friday after upbeat spending figures led markets to trim the chance of a half-point easing from the Federal Reserve.

Futures are 100% priced for a cut of 25 basis points on Sept. 18, and imply a 33% probability of 50 basis points. They also have 100 basis points of cuts priced in by December, and 120 basis points for 2025.

The Bank of Canada is expected to cut again on Wednesday, with markets implying a 22% chance of 50 basis points.

Crucial for the Fed will be the payrolls report on Friday where analysts look for a rise of 165,000 in jobs and a dip in the unemployment rate to 4.2%.