

# MARKET UPDATE

**03/09/2024**

## **Oil prices fall.**

Brent oil prices fell on Tuesday as sluggish economic growth in China, the world's biggest crude importer, increased worries about demand that overshadowed the impact of the halt of production and exports from Libya.

Brent crude futures were down 17 cents, or 0.2%, to \$77.35 a barrel by 0620 GMT.

West Texas Intermediate crude futures, which did not settle on Monday because of the U.S. Labour Day holiday, were up 50 cents, or 0.7%, at \$74.05 a barrel.

"Oil remains under pressure given lingering Chinese demand concerns. Weaker-than-expected PMI data over the weekend would have done little to ease these worries," said Warren Patterson of ING, adding that demand jitters are offsetting the Libyan supply disruptions.

China's purchasing managers' index (PMI) hit a six-month low in August. On Monday, the country reported new export orders in July fell for first time in eight months, and new home prices grew in August at their weakest pace this year.

## **Stocks on tiptoes ahead of US payrolls.**

Asian stocks slipped and investors bought dollars and yen on Tuesday in a drift toward safe-haven assets ahead of a raft of data that may determine how deeply the U.S. will cut interest rates later this month.

The U.S. ISM manufacturing survey due later in the day and particularly jobs data due on Friday will be crucial for whether the Federal Reserve cuts by 25 basis points or 50 on Sept. 18.

Ten-year Treasury yields were slightly higher at 3.915% and two-year yields hovered at 3.931% as trade resumed in Asia following a U.S. holiday.

MSCI's broadest index of Asia-Pacific shares outside Japan ticked 0.5% lower as falling profits weighed on China's banking sector. [.SS] Japan's Nikkei fell 0.3%% and S&P 500 futures eased 0.2%.

The yen rose about 0.5% to 146.24 per dollar, while the dollar rose on the euro, sterling and the Antipodean currencies, reflecting a little less confidence that the Fed may opt for a 50 bp cut later in the month.

## Asia stocks nervous as China concerns continue.

Asia's stock markets mostly failed to show signs of steadiness as investors awaited key economic data that could influence the United States Federal Reserve's decision on interest rate cuts.

At 00:30 EST (04:30 GMT), Japan's Nikkei index fell 0.1% to 38,634.50, while China's Shanghai Composite Index was down 0.52% to 2,796.48. Hang Seng index dropped similarly, exchanging hands at 17,601.00, or -0.51% on the day.

The negative market sentiment follows a set of positive spending figures released on Friday, which led to a reduced likelihood of a significant half-point rate cut by the Fed. The upcoming U.S. ISM manufacturing survey and the highly anticipated jobs data set for release on Friday are expected to play a pivotal role in the Fed's rate decision-making process.

On the other hand, investor concerns surrounding China are continuing to increase.

"The economy was under double whammy of weather shocks and weak demand in August. We expect deteriorating activities yet better CPI on food reflation. The "around 5%" growth target could be at risk," Citigroup economists wrote in a note Tuesday.

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