

MARKET UPDATE

06/09/2024

Oil steadies ahead of key US jobs report.

Oil prices ticked up in Asian trading on Friday, with investors exercising caution ahead of key U.S. employment data as they weighed a big withdrawal from U.S. crude inventories and a delay to production hikes by OPEC+ producers.

Brent crude futures rose 13 cents to \$72.82 by 0507 GMT, and U.S. West Texas Intermediate crude futures were up 12 cents, or 0.17%, to \$69.27.

"It seems that broader caution prevails, as market participants are still trying to wrap their heads around the mixed U.S. economic data coming through this week, while the lead-up to the crucial jobs report may limit some risk-taking," said Yeap Jun Rong, a market strategist at IG.

For the week, Brent was on track to drop nearly 8%, while WTI was headed for a decline of almost 6%.

There have been mixed signals on the U.S. economy this week, ahead of nonfarm payrolls data on Friday that is expected to be key to the size of a U.S. interest rate cut at the Federal Reserve's Sept. 17-18 meeting.

U.S. services sector activity was steady in August, but private jobs growth slowed, remaining consistent with an easing labor market.

Dollar sags to one-month low.

The dollar slid to a one-month trough versus the yen and a one-week low on the euro on Friday, as a mixed bag of U.S. job market indicators stirred caution ahead of a crucial monthly payrolls report later in the day.

A report on Thursday showed the number of Americans filing new applications for jobless benefits declined last week as layoffs remained low. That helped allay fears that the labour market was deteriorating rapidly, after figures released the previous day showed private jobs growth slumped to a 3-1/2-year low in August.

Traders currently see 41% odds for a super-sized 50-basis point (bp) Fed interest rate cut on Sept. 18, versus 59% probability of a quarter-point reduction, according to the CME Group's (NASDAQ:CME) FedWatch Tool. A day earlier, wagers on the larger cut stood at 44%, but a week ago it was 30%. The mixed data leaves traders guessing before Friday's payrolls print, with economists surveyed by Reuters predicting an increase of 165,000 jobs in August, up from a 114,000 rise in July.



Markets on tenterhooks ahead of US jobs data.

Asian shares struggled for direction while the yen jumped on Friday, as investors remained on tenterhooks ahead of U.S. jobs data that could decide the size and speed of coming rate cuts in the world's largest economy.

Oil prices are staring down their worst week in more than a year to hover just above a critical chart level, with their near-term fate depending on the payrolls report due later in the day. [O/R]

Europe is set for a lower open, with both EUROSTOXX 50 futures and FTSE futures off 0.2%. Nasdaq futures skidded 0.5% while S&P futures slipped 0.2%.

There is a lot riding on the U.S. non-farm payrolls report after the Federal Reserve Chair Jerome Powell said policymakers do not welcome any further weakening in the labour market, laying the ground for imminent rate cuts.

Analysts are looking for new jobs to rise by 160,000 and for the unemployment rate to dip to 4.2%. But a recent run of softer partials suggests risks are to the downside, fuelling speculation of an outsized half-point rate cut on Sept. 18.

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