

# MARKET UPDATE

**12/09/2024**

## **Asian shares up on Wall St tech boost.**

Asian shares bounced on Thursday, tracking a tech-driven rally on Wall Street, while the dollar held onto gains after U.S. core inflation surprised slightly on the upside and dashed hopes of a large rate cut by the Federal Reserve next week.

Investors are now awaiting a policy decision from the European Central Bank later in the day where a rate cut is almost a certainty, but the question remains whether it would move again in both October and December.

Europe is set for solid gains ahead of the ECB risk event, with EUROSTOXX 50 futures jumping 1.3% and FTSE futures gaining 1.1%. Nasdaq futures also turned higher, last up 0.3%.

MSCI's broadest index of Asia-Pacific shares outside Japan rallied 1.5%. The Nikkei jumped 3.3%, helped by a weaker yen, which pulled back from its 2024 high of 140.71 per dollar.

The dollar was last up another 0.3% to 142.75 yen, having been pressured earlier by hawkish comments from a senior Bank of Japan official who called for raising rates at least to 1%.

## **Oil prices up over 1%.**

Oil prices rose more than 1% on Thursday, spurred by concerns of Hurricane Francine impacting output in the U.S., the world's biggest crude producer, though worries of lower demand capped gains.

Brent crude futures for November were up \$1, or 1.4% at \$71.61 a barrel at 0632 GMT. U.S. crude futures for October were up 92 cents, or 1.4%, at \$68.23 a barrel.

Both contracts rose by more than 2% in the previous session as offshore platforms in the U.S. Gulf of Mexico were shut and refinery operations on the coast disrupted by Hurricane Francine's landfall in southern Louisiana on Wednesday.

"Both benchmarks, WTI and Brent, seem to have found some ground amid worries of disrupted U.S. oil supplies," said Priyanka Sachdeva, senior market analyst at Singapore-based brokerage Phillip Nova.

U.S. oil stockpiles rose across the board last week as crude imports grew and exports dipped, the Energy Information Administration said on Wednesday.



## Dollar firm after inflation data.

The dollar traded near a four-week high versus the euro on Thursday after signs of some stickiness in U.S. inflation reinforced expectations that the Federal Reserve would avoid a super-sized interest rate cut next week.

Meanwhile, a quarter-point rate reduction from the European Central Bank (ECB) is widely expected later in the day, with investors anxious for hints on how soon the monetary authority will cut again.

The dollar gained against the yen, following a turbulent session the previous day that saw the U.S. currency slide as much as 1.24% to the lowest this year before recovering all its losses after the consumer price data.

Early on Wednesday, Bank of Japan board member Junko Nakagawa reinforced the central bank's tightening bias by saying low real rates leave room for further rate hikes.

On Thursday, fellow BOJ board member Naoki Tamura, known as a policy hawk, said the market's expected pace of tightening could be too slow - comments that helped mitigate yen losses.

The speeches are a sign of an important shift in communication style at the bank, according to Shoki Omori, chief Japan desk strategist at Mizuho Securities.

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