

MARKET UPDATE

20/09/2024

Asian stocks rise on rate cut cheer.

Most Asian stocks rose on Friday, tracking overnight gains on Wall Street as investors cheered a bumper interest rate cut from the Federal Reserve.

Japanese stocks outpaced their regional peers, but trimmed early gains after the Bank of Japan held interest rates steady but said it expected inflation to keep increasing.

Chinese stocks lagged as the People's Bank of China kept its benchmark lending rate unchanged despite increasing calls for more stimulus.

Regional markets took a positive lead-in from Wall Street, where the S&P 500 and Dow Jones Industrial Average hit record highs after the Fed cut rates by 50 basis points and kicked off an easing cycle.

Gains in technology stocks were a key driver of this trade, with buying spilling over into Asian markets. But U.S. stock index futures fell in Asian trade, amid signs that the rate cut rally was now cooling.

Oil prices set to end week higher.

Oil prices, which were little changed in early Asian trade on Friday, were on track to end higher for a second straight week following a large cut in U.S. interest rates and declining global stockpiles.

Brent futures, which were trading 19 cents or 0.3% lower at \$73.69 a barrel at 0027 GMT on Friday, gained 4.3% this week. U.S. crude, which was up 6 cents at \$72.01 a barrel, has registered weekly gains of 4.8%.

The benchmarks have been recovering after they fell to near three year-lows on Sept. 10, and have registered gains in five of the seven sessions since then.

The U.S. central bank cut interest rates by half a percentage point on Wednesday. Interest rate cuts typically boost economic activity and energy demand, but some also saw the large cut as a sign of a weak U.S. labour market.

Crude inventories in the U.S., the world's top producer, fell to a one-year low last week, government data showed on Wednesday. [EIA/S]

A counter-seasonal oil market deficit of around 400,000 barrels per day (bpd) will support Brent crude prices in the \$70 to \$75 a barrel range during the next quarter, Citi analysts said on Thursday, but added prices could plunge in 2025.

US stock index futures dip as rate cut rally.

U.S. stock index futures fell slightly in evening deals on Thursday after a bumper interest rate cut by the Federal Reserve and a rally in technology stocks powered Wall Street to record highs.

Weaker-than-expected earnings from FedEx Corporation (NYSE:FDX) weighed on sentiment, with the stock falling sharply in aftermarket trade.

Wall Street's Thursday rally came after stock markets initially logged a mixed reaction to the Fed's cut, given that Chair Jerome Powell presented a less dovish outlook for rates.

But with interest rates still set to fall sharply in the near-term, investors piled into risk-driven assets, with the battered technology sector seeing a bulk of the buying.

Still, futures showed that sentiment was cooling after Thursday's rally, with anticipation of a Bank of Japan meeting on Friday spurring some cautious plays.

S&P 500 Futures fell 0.1% to 5,773.50 points, while Nasdaq 100 Futures fell 0.1% to 20,060.50 points by 19:35 ET (23:35 GMT). Dow Jones Futures rose slightly to 42,462.0 points.

Dow, S&P hit record highs after rate cut

The Dow Jones and the S&P 500 both closed at record highs on Thursday, with buying spurred largely by optimism over lower interest rates.

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