

MARKET UPDATE

24/09/2024

European shares jump on China stimulus.

European shares opened higher on Tuesday, as China's sweeping stimulus measures boosted stocks of luxury companies and miners.

The pan-European STOXX 600 index gained 0.8% to 520.40 points by 0711 GMT, and France's CAC 40 rose 1.4%, outperforming its peers.

China's top financial regulators unveiled their biggest stimulus since the pandemic, saying they would cut bank reserves by 50 basis points while reducing mortgage rates.

Luxury companies, which rely heavily on Chinese consumer spending, were the biggest boost on the index.

LVMH, Hermes, Kering (EPA:PRTP), and Dior gained between 3.8% and 4%.

Basic resources led sectoral gains, jumping 4.4% as copper prices hit a two-month high supported by China's measures and improving demand in the region. [MET/L]

Britain's FTSE gained 0.4%, as stocks of metal miners rose on China's stimulus plans.

The markets will also keep an eye out for comments from the European Central Bank's board member, Elizabeth McCaul, set to speak later in the day.

Dollar stabilizes, euro rebounds.

The U.S. dollar stabilized Tuesday, while the euro attempted a comeback after the previous session's hefty losses.

At 04:00 ET (08:00 GMT), the Dollar Index, which tracks the greenback against a basket of six other currencies, traded largely unchanged at 100.575, just above a 12-month low.

Dollar stabilizes after selloff

The US currency is stabilizing after last week's selloff in the wake of the Federal Reserve rate cut.

The Fed started its rate-cutting cycle with a hefty 50 basis-point reduction, and now attention turns to the extent of the central bank's further cuts this year.

Traders are now betting that there is a roughly 53% chance the Fed will bring rates down by a half-point again at its next meeting in November, according to the CME Group's (NASDAQ:CME) closely-monitored FedWatch Tool.



JPMorgan bullish on India and Japan.

JPMorgan (NYSE:JPM), the largest bank in the U.S., is bullish about growth opportunities in India and Japan, while also eyeing Southeast Asia for further investments, as part of the "China Plus One" strategy, Reuters reported on Tuesday.

India remains one of the top three, possibly top two, markets in Asia, alongside Japan. The country's growth is very broad-based, said Sjoerd Leenart, JPMorgan's Asia Pacific CEO, in an interview to Reuters on Monday.

Leenart said that the bank's broad commitment to India, noting that JPMorgan is increasing its investment by expanding its banking team, injecting more capital into operations, and enhancing technological capabilities to serve new market segments.

In India, JPMorgan's commercial banking division, which serves mid-sized businesses, is projected to grow by up to 30% over the next few years, the report said.

However, he stressed that for India to fully capitalize on the "China Plus One" strategy, the country must further strengthen its manufacturing ecosystem and scale its operations.

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