

MARKET UPDATE

25/09/2024

Asia FX ticks higher, yuan hits 16-month high.

Most Asian currencies rose slightly on Wednesday as persistent bets on interest rate cuts dented the dollar, while the Chinese yuan hit a 16-month high on optimism over more stimulus measures.

The Australian dollar and the New Zealand dollar both clocked strong gains on their exposure to China, while the Japanese yen steadied after a slightly stronger reading on producer inflation.

Regional currencies remained largely upbeat after the Federal Reserve cut interest rates last week and announced the start of an easing cycle that is widely expected to drive more capital flows into Asia.

The dollar index and dollar index futures fell 0.2% each in Asian trade, with focus turning to an upcoming address by Fed Chair Jerome Powell, and PCE price index data due later in the week.

Chinese yuan at 16-mth high on stimulus cheer

The Chinese yuan was the best performer among its peers this week, with the USDCNY pair falling 0.2% to its lowest level since May 2023.

Australia, New Zealand dollars shine.

The Australian and New Zealand dollars scaled multi-month peaks on Wednesday while the yuan hit its strongest level in more than a year, as China's aggressive stimulus package provided the latest shot in the arm for risk appetite.

The U.S. dollar - a traditional safe-haven currency - meanwhile came under pressure after China's aggressive stimulus moves on Tuesday buoyed risk appetite, with growing bets of another outsized U.S. rate cut in November adding to headwinds for the greenback.

The Aussie peaked at \$0.6908 in the early Asian session, its highest since February 2023, while the kiwi rose to a nine-month top of \$0.63555, as both currencies extended their rallies from the previous session.

The Australian dollar later pared some of its gains after data on Wednesday showed domestic consumer prices slowed to a three-year low in August, while core inflation hit its lowest since early 2022.



Bitcoin price today rises to \$64k.

Bitcoin's price rose on Wednesday as persistent cheer over global monetary easing spurred more flows into risk-driven assets, with the world's biggest cryptocurrency now in sight of a major breakout.

A barrage of stimulus measures from China also aided overall sentiment, while markets positioned for interest rate cuts by Swiss and Swedish central banks this week, following the Federal Reserve's first rate cut since 2020.

Bitcoin rose 1.9% to \$64,253.3 by 00:47 ET (04:47 GMT).

Bitcoin eyes breakout above \$65k

The world's biggest cryptocurrency marked a strong recovery over the past two weeks, as risk appetite was aided chiefly by a bumper interest rate cut by the Fed.

The Fed also announced the start of an easing cycle that is expected to see rates fall by at least 125 basis points by end-2024, according to Citi analysts. Goldman Sachs expects the Fed to cut rates by 25 bps at each meeting between November and June 2025.

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