

# MARKET UPDATE

**14/10/2024**

## **Chinese stocks rise.**

Chinese stocks brushed off initial volatility and clocked strong gains on Monday, rising even as the government provided middling cues on fiscal stimulus and as inflation data underwhelmed.

But it remained to be seen whether the rally would be sustained, as overall sentiment towards the country remained mixed.

China's Shanghai Shenzhen CSI 300 and Shanghai Composite indexes rose 1.5% and 1.7% respectively, by the midday break. The two logged wild swings in the morning session.

China's finance ministry said in a weekend briefing that it will implement fiscal stimulus measures, including more debt issuance and support for provincial governments.

## **Gold prices muted, copper weakens.**

Gold prices steadied in Asian trade on Monday as traders awaited more cues on U.S. interest rates from a string of Federal Reserve speakers this week, while bets on a November cut persisted.

Among industrial metals, copper prices dipped as signals on fiscal stimulus in top importer China largely underwhelmed, while weak inflation data added to concerns over the country.

Gold remained in sight of a September record high, as the prospect of an eventual decline in U.S. interest rates still buoyed precious metals. Persistent concerns over the Middle East conflict also kept safe haven demand in play.

Copper dips as China stimulus underwhelms

Benchmark copper futures on the London Metal Exchange fell 0.6% to \$9,749.50 a ton, while December copper futures fell 0.8% to \$4.4505 a pound.

Weak economic signals from China- the world's biggest copper importer- were a major weight on prices.

China's finance ministry said in a weekend briefing that it will implement a slew of fiscal stimulus measures to support economic growth. But a lack of key details on the planned measures- specifically their size and timing- left investors wanting.

## Dollar holds gains.

The dollar held onto its gains and even extended some in Asian trading on Monday as a holiday in Japan sapped liquidity, leaving China's somewhat disappointing weekend stimulus announcements the focus of market attention.

The euro was down 0.13% at \$1.0922 and the pound was listless but fell 0.2% at one point. The dollar was up 0.13% against the Japanese yen at 149.2750.

The dollar index was just above 103 and closing in on last week's peak, its highest since mid-August, on the back of traders reducing bets on further jumbo rate cuts by the Federal Reserve at its remaining meetings this year.

China's yuan was down 0.2% against the dollar, while the Aussie, whose fortunes are closely tied to China, was down 0.16% at \$0.67385.

China said on Saturday it will "significantly increase" government debt issuance to offer subsidies to people with low incomes, support the property market and replenish state banks' capital as it pushes to revive sputtering economic growth.

Without providing details on the size of the fiscal stimulus being prepared, Finance Minister Lan Foan told a press conference there will be more "counter-cyclical measures" this year.

Last week's U.S. data showing slightly hotter-than-expected consumer inflation but also higher weekly jobless claims have left intact expectations for the Fed to cut rates by 25 basis points in November and December.

Traders next have on their radar Thursday's retail sales and jobless claims data in the United States, and a policy review by the European Central Bank.

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