

# MARKET UPDATE

**15/10/2024**

## **Asia stocks rise tracking Wall Street.**

Most Asian stocks rose on Tuesday tracking record highs on Wall Street as the third-quarter earnings season approached, while Chinese stocks fell amid waning optimism over new fiscal stimulus.

Regional markets took positive cues from Wall Street, with the S&P 500 and the Dow Jones Industrial Average hitting new peaks on gains in financial and technology stocks. U.S. stock index futures were mildly positive in Asian trade, with focus turning to a string of key Q3 earnings due this week.

Chinese markets lagged their peers following weak inflation and trade data released over the past two days. The announcement of new fiscal stimulus measures from Beijing also provided only fleeting support, given that the government left investors wanting of several key details.

Nikkei crosses 40k, ASX 200 hits record high

Japanese shares were the best performers in Asia as they clocked strong gains after a long weekend.

## **Dollar hangs near two-month high.**

The U.S. dollar was perched at an over two-month high against major currencies on Tuesday, spurred by wagers the Federal Reserve will proceed with modest rate cuts in the near term, pinning the yen closer to the key 150 per dollar level.

The euro also remained on the back foot, trading near the lowest level since Aug. 8 touched on Monday ahead of the European Central Bank policy meeting on Thursday, where the central bank looks set to deliver another interest rate cut.

A string of U.S. data has shown the economy to be resilient and slowing only modestly, while inflation in September rose slightly more than expected, leading traders to trim bets on large rate cuts from the Fed.

The U.S. central bank kicked off its easing cycle with an aggressive 50 basis points at its last policy meeting in September but market expectations have shifted to a slower pace of cuts, boosting the dollar.

Traders are now ascribing 89% chance of a 25 bps cut in November, with 45 bps of easing overall priced in for the year.

## Oil falls as demand outlook weakens.

Oil prices slid 3% during Asian trade on Tuesday on the back of a weaker demand outlook and after a media report said Israel is willing not to strike Iranian oil targets, which eased fears of a supply disruption.

Brent crude futures were down \$2.35, or 3%, at \$75.11 per barrel at 0445 GMT, while U.S. West Texas Intermediate futures fell \$2.26, or 3.1%, to \$71.57 per barrel.

Both benchmarks had settled about 2% lower on Monday. They are down almost \$4 so far this week, nearly wiping out cumulative gains made in the seven sessions up to last Friday when investors were concerned about supply risks as Israel planned to retaliate against a missile attack from Iran.

Israeli Prime Minister Benjamin Netanyahu told the U.S. that Israel is willing to strike Iranian military targets and not nuclear or oil ones, the Washington Post reported late on Monday.

The Organization of the Petroleum Exporting Countries (OPEC) on Monday cut its forecast for global oil demand growth in 2024, with China accounting for the bulk of the downgrade. China's demand is now seen growing by 580,000 barrels per day (bpd) this year, down from 650,000 bpd.

OPEC also lowered its global oil demand growth projection for next year to 1.64 million bpd from 1.74 million bpd.

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