

MARKET UPDATE

25/10/2024

Oil heads for weekly gain.

Oil prices nudged higher on Friday and are on track for a weekly gain of more than 1%, as tensions in the world's top oil-producing region, the Middle East, and a restart in Gaza ceasefire talks in the coming days kept traders on edge.

Brent crude futures climbed 31 cents, or 0.4%, to \$74.69 a barrel by 0642 GMT while U.S. West Texas Intermediate crude was at \$70.48 a barrel, up 29 cents, or 0.4%.

"We remain of the view that the right price for crude oil currently is around \$70 where it is now, as we await fresh price drivers, including the outcome of China's NPC Standing Committee meeting as well as Israel's response to Iran's October 1 missile attack," IG market analyst Tony Sycamore said in a note, referring to WTI prices.

Both benchmarks settled down 58 cents a barrel in the previous session after prices fluctuated against expectations of heightened or reduced tensions in the Middle East.

Oil traders are waiting for Israel's response to a missile attack by Iran on Oct. 1 that may involve hitting Tehran's oil infrastructure and disrupt supplies, although reports said Israel would strike Iranian military, not nuclear or oil, targets.

Gold prices fall but record highs remain.

Gold prices fell slightly in Asian trade on Friday, remaining in sight of record highs hit earlier this week as anticipation of a tight U.S. presidential election kept traders biased towards safe havens.

While the yellow metal did notch new highs, it struggled to hold its peaks amid pressure from a stronger dollar and higher Treasury yields. Still, gold was set for mild weekly gains in its third consecutive week of gains.

Safe haven demand was also boosted by persistent concerns over worsening geopolitical conditions in the Middle East.

Spot gold fell 0.4% to \$2,724.55 an ounce, while gold futures expiring in December fell 0.4% to \$2,737.05 an ounce by 00:30 ET (04:30 GMT). Spot gold was set to rise about 0.2% this week after hitting a record high of \$2,758.53 an ounce.

Election, M.East jitters keep gold underpinned.

Safe haven demand for gold was buoyed by uncertainty over the U.S. election, with less than two weeks left to the ballot.



Dollar droops with US yields.

The dollar was on the defensive on Friday following its biggest drop in a month against major peers, as it tracked a retreat in U.S. yields from nearly three-month highs after depressed Treasury prices drew buyers.

Asian stocks were mixed, with some markets tracking Wall Street gains from overnight, while Japan's Nikkei dropped 1% after the yen rebounded strongly from a three-week trough to the dollar and with the coalition government at risk of losing its lower house majority in an election on Sunday.

Hong Kong's Hang Seng and a mainland blue chips index each rose about 1%. Australian and South Korean stock benchmarks were flat.

For the week though, the dollar was set for a fourth straight weekly rise and the 10-year Treasury yield for a sixth, driven by a run of robust U.S. economic data that signals a very patient approach to Federal Reserve interest rate cuts.

Surging bond yields have spooked stock investors, putting the MSCI world equities index on track for a 1.2% slide this week.

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