

MARKET UPDATE

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Asia shares stumble on China anxiety.

Asia shares eased on Wednesday on the back of weakness in China, as investors brace for a tightly contested U.S. election that could have huge ramifications for the world's second-largest economy, even as Beijing steps up efforts to shore up growth.

Gold rose to an all-time high of \$2,784.82 an ounce as jitters over the close U.S. presidential race supported the yellow metal. Bitcoin also flirted with a record peak as markets weigh the prospect of a victory by Republican candidate Donald Trump.

MSCI's broadest index of Asia-Pacific shares outside Japan fell to a one-month trough and last traded 1% lower, tracking a decline in Chinese assets.

The CSI300 blue-chip index slumped 1.3%, while the Shanghai Composite Index lost 1%. Hong Kong's Hang Seng Index slid 1.82%.

The moves came even as Reuters reported on Tuesday that China is considering approving next week the issuance of more than 10 trillion yuan (\$1.4 trillion) in extra debt in the next few years to revive its fragile economy.

Oil hovers at one-month low.

Oil prices held at one-month lows, after sliding in the previous two sessions, as markets weighed a potential ceasefire between Israel and Hezbollah and rising OPEC+ crude supplies against a possible drop in U.S. fuel stocks and demand concerns.

Brent crude futures gained 58 cents, or 0.8%, to \$71.7 a barrel by 0701 GMT. U.S. West Texas Intermediate crude futures rose 62 cents, or 0.9%, to \$67.83 per barrel.

Prices fell for a second straight session on Tuesday when an Axios reporter said on X that Israeli Prime Minister Benjamin Netanyahu would hold an imminent meeting with several ministers, the heads of the military and intelligence community about talks on a diplomatic solution to the war in Lebanon.

A deal that would end the fighting between Israel and Hezbollah could be achieved within a few weeks, Israeli and U.S. officials said, according to Axios.

OPEC+, which groups the Organization of the Petroleum Exporting Countries and allies such as Russia, is scheduled to raise output by 180,000 barrels per day in December. The group has cut output by a total of 5.86 million bpd, equivalent to about 5.7% of global oil demand.

US dollar rally pauses before jobs data.

The dollar hovered close to a three-month peak on Wednesday in a big week for macroeconomic data that could reveal the path for U.S. monetary policy.

The Australian dollar slipped to a three-month trough after some stickiness in inflation suggested a Reserve Bank of Australia interest rate cut is unlikely this year.

Mixed U.S. indicators overnight, showing a loosening U.S. jobs market but a confident consumer, provided little clarity on the outlook for Federal Reserve easing, allowing the greenback to drift lower with Treasury yields on Tuesday following a strong seven-year note auction.

Recently though, economic readings have pointed to a resilient economy, particularly for employment, spurring a paring back of bets on the pace of rate reductions. The ADP employment report is due later in the day, ahead of the potentially crucial monthly payrolls report on Friday.

"The U.S. dollar continues to garner strong support as markets adjust their rate path expectations," said James Kniveton, senior corporate FX dealer at Convera.

"The American economy is currently firing on all cylinders."

Meanwhile in Australia, "the increased inflation number in services is likely to mean rate reductions this year are a very distant prospect," Kniveton said.

The Reserve Bank of Australia's preferred inflation gauge, the trimmed mean measure, slowed to 3.5% from 4.0% in the third quarter, but service-sector inflation remained elevated. On a quarterly basis, the gauge increased by 0.8%, topping forecasts for a 0.7% rise.

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