

MARKET UPDATE

31/10/2024

Oil prices rise on optimism.

Oil prices rose on Thursday, extending the previous day's rally, driven by optimism over U.S. fuel demand following an unexpected drop in crude and gasoline inventories, while reports that OPEC+ may delay a planned output increase offered support.

Brent crude futures gained 47 cents, or 0.65%, to \$73.02 a barrel by 0505 GMT. U.S. West Texas Intermediate crude futures, which are set to expire later in the day, climbed 43 cents, or 0.63%, to \$69.04 per barrel.

Both contracts rose more than 2% on Wednesday, after falling more than 6% earlier in the week on the reduced risk of a wider Middle East conflict.

U.S. gasoline stockpiles fell unexpectedly in the week ending Oct. 25 to a two-year low on strengthened demand, the Energy Information Administration said, while crude inventories also posted a surprise drawdown as imports slipped. [EIA/S]

Nine analysts polled by Reuters had expected an increase in gasoline and crude inventories.

Japanese investors sell overseas assets.

Japanese investors sold overseas assets for a third straight week through Oct. 26, cashing in on the yen's sharp decline amid U.S. election uncertainties and reduced expectations of big Federal Reserve rate cuts.

According to the Ministry of Finance data, Japanese investors sold foreign stocks and long-term bonds worth a net 397.6 billion yen and 889.6 billion yen (\$5.81 billion), respectively, posting their third straight weekly net sales in both segments. They, however, added a net 116.5 billion yen worth of short-term bills.

While the yen rallied in the September quarter, prompting Japanese investors to acquire foreign assets, it has lost about 6.4% against the dollar this month, creating profit-taking opportunities for Japanese market participants.

The yen reached a three-month low this week after the ruling coalition lost its parliamentary majority, and is on track for its seventh sharpest monthly decline ever and the largest since November 2016.

Last quarter, Japanese investors bought approximately 2.02 trillion yen in stocks and 5.11 trillion yen in long-term bonds. However, they have sold around 667 billion yen in equities and 1.19 trillion yen in long-term debt securities so far this month.

Sabadell's Q3 net profit rises 8%.

Spain's Sabadell on Thursday said its third-quarter net profit rose 8% from the same period in 2023 on lower provisions and stable lending income at a moment when it is trying to fend off a takeover bid from rival BBVA (BME:BBVA).

The country's fourth-largest bank in terms of market value reported a quarterly record net profit of 503 million euros, above the 447 million euros expected by analysts in a Reuters poll.

Spanish banks are mainly retail lenders and have benefited from higher costs of loans, carrying floating rates, that are passed on to customers while they kept a lid on rates paid to savers.

But declines in the Euribor, the benchmark banks use to set the price for mortgage loans, are starting to influence lending rates.

Against that backdrop, its net interest income, the difference between earnings on loans and deposit costs, in the quarter still rose 0.9% year-on-year to 1.25 billion euros, in line with analysts' forecasts. NII however fell 0.7% against the previous quarter.

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