

MARKET UPDATE

08/11/2024

European markets slip lower.

European stock markets edged lower Friday, as investors digested a volatile week that has included political turmoil, key central bank decisions as well as more corporate earnings.

At 03:15 ET (08:15 GMT), the DAX in Germany slipped 0.1%, the CAC 40 in France dropped 0.2%, and the FTSE 100 in the UK fell 0.1%.

As far as the week is concerned, the DAX is the outperformer, gaining around 0.6%, while the CAC-40 gained 0.2% and the FTSE 100 actually dipped 0.5%.

Political turmoil in Germany

Germany has been in the spotlight this week, seeing heightened political instability as the potential for a snap election grows.

Chancellor Olaf Scholz's attempt to engage with Friedrich Merz, leader of the opposition Christian Democratic Union, was met with strong resistance.

Merz not only rejected Scholz's approach but also called for an immediate vote of no confidence in the Chancellor. This marks a significant escalation in Germany's political crisis.

Investors will also be keeping an eye out for news out of the National People's Congress Standing Committee in China. This could offer insights into Beijing's economic policies and stimulus measures, which could have wider implications for global markets.

Oil markets set for weekly gains.

Crude prices fell Friday, but were still on course for hefty weekly gains, helped by a group of top producers delaying plans to increase production, as well as the prospect of more supply disruptions.

By 03:15 ET, the U.S. crude futures (WTI) dropped 1.2% to \$71.48 a barrel, while the Brent contract fell 1% to \$74.85 a barrel.

For the week, both contracts are set to gain around 3%.

The market was supported this week by the Organization of Petroleum Exporting Countries and allies, a group known as OPEC+, stating that it will delay plans to begin increasing production from December, as well as expected actions by the incoming Trump administration, such as tighter sanctions on Iran and Venezuela.

Gold prices steady near \$2,700.

Gold prices fell in Asian trade on Friday, seeing little relief even as the dollar slid in the wake of an interest rate cut by the Federal Reserve, while markets also digested the ramifications of a second Donald Trump presidency.

The yellow metal was battered by a sharp rally in the dollar this week after Trump won the 2024 presidential election. But the dollar retreated from four-month peaks on Thursday after the Fed cut interest rates and signaled plans for more easing.

Spot gold fell 0.4% to \$2,695.93 an ounce, while gold futures expiring in December fell 0.1% to \$2,702.80 an ounce by 23:38 ET (04:38 GMT).

Gold heads for weekly loss after post-Trump drubbing

Spot gold was set to lose about 1.6% this week, having fallen sharply after Trump's victory.

The decline was in part spurred by a rally in the dollar and Treasury yields, as markets bet that Trump would introduce more inflationary policies in the long term.

But Trump's victory also marked a swift end to the U.S. elections, clearing out a major point of uncertainty for markets and sparking a rally across risk-driven assets. Gold had surged to record highs in the run-up to the election, with spot prices coming close to \$2,800 an ounce.

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