

MARKET UPDATE

27/11/2024

Asia stocks drift lower.

Most Asian stocks retreated on Wednesday with focus turning to key U.S. economic data for more cues on interest rates, while Chinese markets rose despite heightened concerns over U.S. trade tariffs.

Regional markets mostly ducked a positive lead-in from Wall Street, where strength in technology stocks saw the S&P 500 and Dow Jones Industrial Average hit record highs despite threats of increased trade tariffs from President-elect Donald Trump.

U.S. stock index futures were steady in Asian trade, with focus turning to upcoming PCE price index data, due later on Wednesday. The reading is the Fed's preferred inflation gauge, and comes after the minutes of the central bank's November meeting showed policymakers split over plans for future rate cuts.

A revised reading on third-quarter U.S. gross domestic product data is also due later on Wednesday.

Broader market sentiment remained cautious after Trump announced plans to impose more import tariffs on China, Mexico, and Canada. Analysts noted that these tariffs could dampen recovery prospects for export-driven economies in Asia.

Bitcoin price today down to \$93k.

Bitcoin fell for a third straight session on Wednesday as traders continued to lock-in profits from a recent rally, while anticipation of more cues on U.S. policy also spurred caution.

The world's largest cryptocurrency has been on an extended downturn since late last week as investors locked-in profits from a run-up to record highs. Traders were also somewhat disappointed as the crypto failed to clear the coveted \$100,000 level.

Risk appetite was further dented by U.S. President-elect Donald Trump threatening to impose more trade tariffs on several countries, sparking fears of a renewed trade war.

Bitcoin fell 1.6% to \$93,131.5 by 01:16 ET (06:16 GMT).

US econ. data, Trump policies in focus

Focus this week was on a slew of key U.S. economic readings, which are likely to factor into the outlook for interest rates.

PCE price index data- the Federal Reserve's preferred inflation gauge- is due later on Wednesday, and is expected to factor into the central bank's plans to cut rates further.

Major currencies regroup before US inflation data.

The U.S. dollar consolidated against its major peers on Wednesday as investors weighed President-elect Donald Trump's tariff pledges, while awaiting a key inflation figure out of the U.S. later in the day.

The New Zealand dollar

Trump's vows on Monday of big tariffs on Canada, Mexico and China, the United States' three largest trading partners, have left investors jittery, even if some of the reaction was tempered later in the U.S. day.

"Markets are likely to remain edgy as a second Trump administration brings back uncertainty about policy making in the U.S.," said Carol Kong, currency strategist at Commonwealth Bank of Australia (OTC:CMWAY).

"This uncertainty can lead markets to 'sell first and ask questions later' which is a positive for the USD."

Against its Canadian counterpart, the greenback was up 0.15% at C\$1.40755, after touching a 4-1/2-year high of C\$1.4178 on Tuesday.

The dollar remained off its highest against the Mexican peso since July 2022, but was last up 0.3% on the day.

"Investors should not overreact given that tariffs are part of trade negotiation tactics, according to those close to Trump," said Wei Liang Chang, currency and credit strategist at DBS in Singapore.

The dollar was steady ahead of October Personal Consumption Expenditures (PCE) price index due later on Wednesday, before U.S. markets close for the Thanksgiving holiday on Thursday.

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