

# MARKET UPDATE

**28/11/2024**

## **Asia stocks retreats.**

Most Asian stock markets declined on Thursday as investors were cautious about the U.S. interest rate outlook after a stubbornly strong inflation print, while South Korean stocks were muted despite an unexpected rate cut by its central bank.

Regional markets took a weak lead-in from Wall Street, as U.S. stock benchmarks fell from record highs after a swathe of strong economic readings. Losses in major technology stocks also weighed

Data showed that the personal consumption expenditures (PCE) price index - U.S. Federal Reserve's preferred measure of underlying inflation picked up in line with estimates. Another reading showed that the U.S. economy expanded at a solid pace in the third quarter.

Wall Street futures were flat in Asian trade, ahead of the Thanksgiving holiday.

Sentiment towards regional markets also remained weak after U.S. President-elect Donald Trump threatened to impose additional trade tariffs on China, which could spark a renewed trade war between the world's biggest economies.

## **Gold prices edge lower.**

Gold prices fell slightly in Asian trade on Thursday after signs of sticky U.S. inflation and a strong economy sparked doubts over just how much the Federal Reserve will cut interest rates.

The yellow metal was already nursing some losses this week as news of an Israel-Hezbollah ceasefire sapped demand for safe havens.

But overall losses in gold were limited as the dollar retreated further from recent peaks, with traders still maintaining bets on a December interest rate cut.

Spot gold fell 0.2% to \$2,630.52 an ounce, while gold futures expiring in February fell 0.4% to \$2,653.91 by 23:00 ET (04:00 GMT).

Strong PCE, GDP data spur rate cut doubts

PCE price index data- the Fed's preferred inflation gauge- rose as expected in October, moving further above the central bank's 2% annual target. The reading was accompanied by gross domestic product data showing steady growth in the third quarter, as well as slightly stronger-than-expected weekly jobless claims data.



## Asia FX slips, dollar steady.

Most Asian currencies edged lower on Thursday as the dollar steadied amid growing uncertainty over the path of U.S. interest rates, while the South Korean won fell sharply after the country's central bank unexpectedly cut interest rates.

Investors refrained from placing major bets before the U.S. Thanksgiving holiday, which is likely to keep trading thin for the rest of the week.

The dollar steadied after clocking sharp overnight losses, although it still remained in sight of recent two-year peaks. Overnight data showed that personal consumption expenditures (PCE) price index - Federal Reserve's preferred measure of underlying inflation- picked up in line with estimates. Another reading showed that the U.S. economy expanded at a solid pace in the third quarter.

The inability to achieve the Federal Reserve's 2% inflation target, combined with the possibility of increased tariffs on imports, could limit the central bank's ability to reduce interest rates next year.

Currencies in regional markets have remained tepid for most of this week, after Monday's threat from the U.S. President-elect Donald Trump to impose additional trade tariffs on China, which could spark a renewed trade war between the world's biggest economies.

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