

MARKET UPDATE

29/11/2024

Asia FX gains on Fed rate cut bets.

Most Asian currencies edged higher on Friday as the dollar weakened on persistent expectations of a rate cut by the U.S. Federal Reserve in December, while the Japanese yen surged after hotter-than-expected inflation data from Tokyo.

Traders firmed up bets on a 25 basis points cut by the Fed in its December meeting, despite the U.S. data earlier this week showing the economy was still resilient, and inflation remained sticky.

The dollar index, and dollar index futures fell 0.3% each in Asian trade.

Investors turned to regional economic indicators for cues as U.S. markets were closed for Thanksgiving holiday on Thursday, resulting in thin volumes on last trading day of the month.

In Japan, data showed that core consumer prices in Tokyo rose more than expected in November, pointing to growing inflationary pressure that reinforced expectations that the Bank of Japan will raise interest rates in December.

Gold prices jump as dollar dips.

Gold prices rose in Asian trade on Friday, taking advantage of a weaker dollar as traders bet on a December interest rate cut, while increased geopolitical tensions also pushed up haven demand.

The yellow metal was nursing some losses for the week after the announcement of an Israel-Hezbollah ceasefire. But heightened tensions between Russia and Ukraine saw prices trim some weekly losses on Thursday and Friday.

Russia-Ukraine tensions stoke safe haven demand

Russia launched its second major strike on Ukraine's energy infrastructure this week, and also threatened to attack areas in Kyiv with advanced ballistic missiles.

Moscow's offensive came in response to Ukraine's use of Western-made, long-range missiles against Russia, which the latter warned would mark a dire escalation in the conflict.

Russia had earlier in November also lowered its threshold for nuclear retaliation.

In the Middle East, doubts emerged over a recent Israel-Hezbollah ceasefire after the two accused each other of violating the truce.

Asia stocks drop on geopolitical tensions.

Most Asian stocks fell on Friday as an escalation in the Russia-Ukraine war dented risk appetite, while Japan's Nikkei dropped as the yen surged on strong inflation data.

The U.S. Thanksgiving holiday left Asian markets with few overnight cues. U.S. index futures edged higher in Asia hours on Friday.

Russia on Thursday launched a second big attack on Ukraine's energy infrastructure this month, as Moscow ramped up its offensive against Ukraine over Kyiv's use of Western-made weapons. President Vladimir Putin threatened to use new ballistic missiles to hit "decision-making centres" in the Ukrainian capital.

Thailand's SET Index dropped 0.2% and Indonesia's Jakarta Stock Exchange Composite Index declined 0.8%, while India's Nifty 50 rose marginally in early trade.

South Korea's KOSPI slumped nearly 2%, led by declines in big-cap tech shares amid concerns about an economic slowdown. Data showed that the country's industrial output, retail sales and facility investment all fell month-on-month in October, deepening concerns about a lack of growth momentum.

November data showed that core consumer prices in Tokyo rose more than expected, pulling further above the Bank of Japan's 2% target. The reading pointed to growing inflationary pressure and reinforced expectations that the Bank of Japan will raise interest rates in December.

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