

MARKET UPDATE

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Asia stocks rise tracking tech rally.

Most Asian stocks climbed on Tuesday with shares in Japan and South Korea leading gains on strength in major technology stocks, while Chinese shares declined on new U.S. export restrictions.

The NASDAQ Composite and S&P 500 hit record closing highs on Monday on a rally in heavyweight tech stocks, as optimism over artificial intelligence remained in play.

U.S. stock index futures steadied in Asian trade as investors awaited an address from Federal Reserve Chair Jerome Powell and a series of economic data releases due later this week to further gauge the central bank's outlook on interest rates.

Gains in the tech sector came as investors repositioned following Washington's latest export restrictions targeting 140 Chinese companies, which are aimed at cutting China's access to advanced chips and equipment vital for AI.

The restrictions are expected to benefit global semiconductor players outside China.

Japan, South Korea lead gains on tech strength

Japanese chip firms stand to gain modestly as the restrictions disrupt their Chinese competitors, said Bernstein analysts in a note.

Dollar rides high.

The dollar was buoyant on Tuesday as political turmoil in France undermined the euro, while tariff risks and weakness in China's economy pushed the yuan to a 13-month low.

The resurgent yen retreated slightly but remains near six-week peaks on the dollar, as traders are growing in confidence that Japan may hike rates later in December.

The euro, which had been the weakest G10 currency through November, began this month with a 0.7% fall on Monday and hovered at \$1.0487 in the Asia session, as France's government heads for collapse over a budget impasse. [EUR/GVD]

Improving U.S. manufacturing data and a dive in Chinese bond yields to record lows has pulled the yuan below chart support, sending it shooting towards 7.3 per dollar and opening the way to another bout of broad dollar strength. [CNY/]

"It's much easier for USD/G10 to go up when USD/CNH isn't stuck in the mud," said Brent Donnelly, trader and president of analytics firm Spectra Markets.



Oil prices nudge higher.

Oil prices nudged higher on Tuesday but remained within a narrow trading range, as traders awaited the outcome of an OPEC+ meeting later this week.

Brent crude futures rose 31 cents, or 0.4%, to \$72.14 a barrel by 0704 GMT, after dropping 1 cent in the previous session. U.S. West Texas Intermediate crude climbed 26 cents, or 0.4%, to \$68.36, following a 10 cent gain on Monday.

Sources from the producer group said it will extend its latest round of output cuts until the end of the first quarter at its Dec. 5 meeting.

"Given a rise in compliance with production cuts from Russia, Kazakhstan, and Iraq, the lower Brent price level, and indications in press reports, we assume an extension of OPEC+ production cuts till April," Goldman Sachs analysts said in a note.

OPEC+, which includes the Organization of the Petroleum Exporting Countries and allies such as Russia, has been looking to unwind production cuts by the first quarter of 2025. However, the outlook for surplus supply has put pressure on prices. The group accounts for about half of the world's oil production.

"I think there's no other option but to defer it," Priyanka Sachdeva, a senior market analyst at Phillip Nova said, adding that it could only be for just a month or so as there is a lot of pressure from participating nations to ramp up output.

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