

MARKET UPDATE

04/12/2024

Gold prices steady.

Gold prices rose marginally in Asian trade on Wednesday as political turmoil in South Korea spurred some safe haven demand, although anticipation of more cues on U.S. interest rates kept traders to the sidelines.

The yellow metal saw some relief this week as fears of a collapse in the Israel-Hezbollah ceasefire also spurred haven demand. But any gains in gold were largely limited by a spike in the dollar, as the greenback soared on uncertainty over the long term outlook for U.S. rates.

S.Korea in focus after failed martial law declaration

South Korea President Yoon Suk-Yeol declared martial law on Tuesday, although he swiftly rescinded the move after it was heavily opposed by the Parliament and citizens.

The Parliament entirely voted against martial law, while South Korea's opposition party also called for Yoon's impeachment, putting the country into its worst political crisis since the 1980s.

Political uncertainty in the country undermined investor sentiment across Asia, given that South Korea is regarded as a pillar for the East Asian economy. This spurred some safe haven demand for gold.

Asia stocks decline.

Most Asian stocks dropped on Wednesday, led by a slump in South Korean shares after President Yoon Suk-Yeol's abrupt reversal of a short-lived martial law stirred political unrest and eroded investor confidence across the region.

Regional markets took middling cues from a mildly positive overnight session on Wall Street, as investors awaited more cues on U.S. monetary policy from an address by Federal Reserve Chair Jerome Powell later in the day. U.S. stock index futures were mildly positive in Asian trade.

South Korean stocks slide on martial law tensions

South Korea's KOSPI index slumped more than 2% after President Yoon Suk-Yeol declared martial law on Tuesday in an effort to counter "anti-state forces" among his political opponents. However, the move faced immediate backlash, including parliamentary rejection and public protests, leading him to revoke the measure within hours.

Oil prices inch up on geopolitical tensions.

Oil prices firmed on Wednesday as market participants weighed up geopolitical tensions and the prospect of OPEC+ extending supply cuts against weaker demand.

Brent crude futures rose 23 cents, or 0.3%, to \$73.85 a barrel by 0700 GMT, while U.S. West Texas Intermediate crude futures gained 19 cents, or 0.3%, to \$70.13.

On Tuesday, Brent posted its biggest gain in two weeks, rising 2.5%.

A shaky ceasefire between Israel and Hezbollah, South Korea's curtailed declaration of martial law and a rebel offensive in Syria that threatens to draw in forces from several oil-producing countries, all lent support to oil prices, said Priyanka Sachdeva, senior market analyst at Phillip Nova.

Oil markets, however, are largely discounting an abundantly supplied 2025 amid sluggish demand signals from the U.S. and China, the world's top two economies, she added.

"Weaker demand signals from mainland China are raising concerns about demand in the oil market ... The world's largest crude oil importer may struggle to maintain its significant share of global demand by 2025."

Meanwhile in the U.S., crude oil inventories rose 1.2 million barrels last week, market sources said, citing data from the American Petroleum Institute. [API/S]

Gasoline inventory also rose, by 4.6 million barrels, even though the week included Thanksgiving when demand typically rises as families travel by car for holiday get-togethers.

Important Note: The information found on Ausprime platform is intended only to be informative, is not advice nor a recommendation, nor research, or a record of our trading prices, or an offer of, or solicitation for a transaction in any financial instrument and thus should not be treated as such. The information provided does not include any specific investment objectives, financial situation and needs of any specific person who may receive it. The past performance is not a reliable indicator of future performance and/or results. Past Performance or Forward-looking scenarios are not a guarantee of future performance. Actual results may differ materially from those anticipated in forward-looking or past performance statement