

# MARKET UPDATE

06/12/2024

## Gold prices tick higher.

Gold prices rose slightly in Asian trade on Friday as investors sought more cues on U.S. interest rates from key payrolls data due later in the day, while geopolitical jitters helped spur some safe haven demand.

The yellow metal was set for a muted finish to the week, as it was pressured by some uncertainty over the long-term direction of interest rates. Resilience in the dollar also weighed on broader metal markets.

Spot gold rose 0.4% to \$2,642.03 an ounce, while gold futures expiring in February rose 0.6% to \$2,663.72 an ounce by 22:59 ET (03:59 GMT).

On the geopolitical front, France's government collapse and a failed attempt to impose martial law in South Korea kept some safe haven demand in play. Tensions in the Middle East, and between Russia and Ukraine also remained high.

Nonfarm payrolls awaited for rate cues

Focus was now squarely on key nonfarm payrolls data for November, due later on Friday. The reading is expected to show a sharp rebound in payrolls growth from October, where disruptions due to hurricane activity battered the labor market.

## Currency markets brace for US jobs report.

Major currencies remained jittery on Friday as markets awaited U.S. job data and considered the impact of a politically turbulent week that saw the collapse of France's government and the brief imposition of martial law in South Korea.

The U.S. dollar briefly spiked against South Korea's won after local media reported that the nation's main opposition Democratic Party said lawmakers were on standby after receiving reports of another martial law declaration.

The won was last down 0.42% at 1419.27.

South Korea's President Yoon Suk Yeol shocked the nation and his own ruling People Power Party on Tuesday when he imposed martial law and then rescinded it hours later, spreading turmoil in global financial markets.

The political upheaval has kept Korean markets on edge even as authorities pledged to provide 'unlimited liquidity' to stabilise conditions.

## Asian shares cautious on Korea risk.

Most Asian shares fell on Friday as political ructions in South Korea weighed on sentiment, while dollar bulls waited anxiously to see if U.S. payrolls challenged or cemented expectations of a rate cut this month.

Chinese shares, however, climbed to three-week highs as investors scooped up technology shares ahead of a top-level policy meeting next week that will set the agenda and targets for China's economy next year.

Europe is looking ahead to a lower open with EUROSTOXX 50 futures down 0.4% and FTSE futures off 0.1%. U.S. stock futures were down a fraction ahead of the crucial payrolls report.

Forecasts are centred on a rise of 200,000 jobs in November, rebounding from a soft 12,000 gain in October when the result was impacted by hurricanes and strikes. The unemployment rate likely edged up to 4.2% from 4.1%.

Markets are priced for a Goldilocks outcome: neither so strong that it would threaten the prospects of a rate cut, nor so soft that it would stir up concerns about the economy. Futures imply a 70% chance of a rate cut by the Fed on Dec. 18.

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