

MARKET UPDATE

17/12/2024

Asia stocks mixed ahead of major interest rate decisions.

Asian stocks were mixed on Tuesday as markets awaited interest rate decisions from major central banks later this week, while weak Chinese economic readings released a day earlier eroded risk sentiment.

The U.S. Federal Reserve will meet on Wednesday to decide its key interest rates, where a 25 basis point cut is largely expected. Markets were awaiting signals on the Fed's long-term rate trajectory from this meeting.

U.S. stock index futures fell slightly in Asian trade. The indexes closed higher overnight with gains in technology stocks.

Markets await interest rate decisions in Asia

Apart from the Fed meeting, interest rate decisions from Japan, Indonesia, Thailand, and the Philippines were also in focus this week.

Japan's Nikkei 225 rose 0.3% and TOPIX ticked higher ahead of the Bank of Japan's policy meeting later this week.

Reuters had reported the BOJ was likely to keep interest rates unchanged this week, in contrast to earlier expectations of a hike.

Bitcoin price today hits record high over \$107k.

Bitcoin rose on Tuesday, extending recent gains and briefly hitting record highs on sustained optimism over the potential for a Strategic Reserve under incoming U.S. President Donald Trump.

Crypto markets were also cheered by MicroStrategy being added to the Nasdaq 100 index, although overall gains petered out in anticipation of a Federal Reserve meeting this week.

Bitcoin rose 1.9% to \$106,623.5 by 00:25 ET (05:25 GMT). The world's biggest cryptocurrency hit a record high of \$107,767.6 earlier on Tuesday.

Bitcoin boosted by Trump talk on strategic reserve, but questions persist Bitcoin's latest rally came largely after Trump raised the prospect of a Strategic Bitcoin Reserve, akin to the government's petroleum reserve, during an interview with CNBC last week.



Europe's carmakers discount EVs.

European automakers are raising prices of petrol cars and readying discounts on electric vehicles as they brace for yet another challenge - tougher emissions rules that threaten to further shrink profits across the struggling industry.

The European Union will drastically lower its cap on automotive carbon dioxide emissions from Jan. 1, meaning at least one-fifth of all sales by most car companies must be EVs to avoid heavy fines.

But so far this year only 13% of all vehicles sold in the region have been electric, data from the European Automobile Manufacturers' Association (ACEA (BIT:ACE)) lobby group shows.

"The gap is really big," said Marc Mortureux, director of French car lobby PFA.

The tighter rules come as the sector is already dealing with excess capacity due to lacklustre sales and growing Chinese competition, prompting profit warnings from Volkswagen (ETR:VOWG_p), Stellantis (NYSE:STLA) and others in recent months.

Now the companies will need to sell more EVs, which cost more to make than traditional vehicles, at a time when political and economic uncertainties and declining EV subsidies are deterring consumption, said Mortureux.

In a sign of the growing concern over the rules, Stellantis CEO Carlos Tavares abruptly resigned this month, partly due to disagreement with the board over how to deal with the issue.

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