

# MARKET UPDATE

20/12/2024

## Dollar set to end week on a high.

The dollar was set to cap the week on a strong note on Friday as it notched a two-year high bolstered by a hawkish U.S. rate outlook, while the yen struggled to stay afloat as it again weakened to a new low.

Currencies took a breather after huge moves in the previous session sparked by a broad rally in the greenback. That drove its peers to milestone lows, with the South Korean won sinking to a 15-year trough, the Canadian dollar tumbling to its weakest in more than four years and the Australian and New Zealand dollars hitting two-year lows.

Moves in the Asian session on Friday were more subdued, though that did not stop the yen from weakening to a five-month low of 157.93 per dollar, as it continues to remain under pressure from the Bank of Japan's reluctance to further raise rates.

It later recouped some of those losses and last traded 0.3% higher at 156.95 per dollar after top Japanese finance officials said the government is "alarmed" by recent foreign exchange moves and is ready to intervene if speculative moves were deemed excessive.

The BOJ kept interest rates unchanged on Thursday and its governor stayed vague on how soon it could push up borrowing costs, just a day after the Federal Reserve pointed to fewer U.S. rate cuts next year.

## Asian shares hit three-month low.

Asian shares hit a fresh three-month low on Friday as investors awaited key U.S. inflation data that could either ease or worsen concerns about stubbornly high price pressures, while the dollar towered at two-year peaks.

European markets are set for a lower open, with EUROSTOXX 50 futures down a sizeable 1%. Nasdaq futures fell 0.6%, while S&P 500 futures dropped 0.3%.

A closely watched U.S. inflation gauge - the Core Personal Consumption Expenditures - is due later in the day. Forecasts are centred on a monthly rise of 0.2% for November, and any upward surprises could lead markets to further scale back bets for U.S. policy easing next year.

Investors are also expressing alarm that even some Republicans are not fans of President-elect Donald Trump's big spending plans, with the U.S. government facing a potential shutdown on Saturday. The debate has laid bare fault lines in Trump's Republican Party that could resurface next year.

## Bitcoin price today: falls for 3rd straight day.

Bitcoin retreated further on Friday, marking its third consecutive day of declines as macroeconomic pressures induced by the Federal Reserve's hawkish stance and recent profit-taking amid record highs sparked an extended pullback.

Bitcoin fell 3.7% to \$97,002.0 by 00:46 ET (05:46 GMT).

It fell below the \$100,000 mark on Thursday after the Fed officials signaled a slower pace of rate cuts in 2025, with broader cryptocurrency markets also falling sharply.

### Bitcoin sees further profit-taking after Fed meeting

The world's largest cryptocurrency hit an all-time high of \$108,244.9 on Tuesday, after which prices tumbled on profit-taking and an uncertain macroeconomic outlook.

This sell-off further intensified after the Fed forecast just two more interest rate cuts in 2025, against previous expectations of four.

The central bank's hawkish stance weighed on Bitcoin as tighter monetary policy reduces liquidity, making speculative assets like cryptocurrencies less attractive.

Moreover, Fed Chair Jerome Powell said the central bank has no intention of participating in any government initiative to stockpile substantial amounts of bitcoin.

This underscored growing doubts about a Strategic Bitcoin Reserve, given the regulatory hurdles it is likely to face.

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