

MARKET UPDATE

31/12/2024

Asia FX set for yearly losses.

Most Asian currencies edged lower on Tuesday and headed for yearly losses as the dollar remained strong heading into 2025, while the Chinese yuan weakened after data showed the country's factory activity expanding at a slower pace.

The US Dollar Index was 0.1% weaker in Asian trade but remained near a 2-year high it touched earlier in the month. The US Dollar Index Futures also ticked lower.

Asian currencies have weakened sharply this year as the Federal Reserve's interest rate outlook, and fears about a potential U.S-China trade war under Donald Trump's administration, have eroded risk sentiment.

The Fed's recent signal of fewer cuts in 2025 has provided renewed strength to the dollar and created downward pressure on Asian currencies.

Chinese yuan slips as factory activity expands at a slower-than-expected pace

China's manufacturing activity expanded for a third straight month in December as a raft of fresh stimulus measures continued to provide support, purchasing managers index data showed on Tuesday. However, the rise was slightly lower than market expectations and below the previous month's reading.

Bitcoin price today falls to \$92.7k.

Bitcoin extended declines on Tuesday amid soft year-end trading volumes, and the token was set for its first monthly fall since early August.

Bitcoin fell 1.2% to \$92,733.4 by 01:11 ET (06:11 GMT).

The most popular cryptocurrency fell to over a month low of \$91,522 on Monday but later recovered as dip buyers emerged.

Bitcoin recorded its second straight weekly fall last week, and has fallen in five out of the last six sessions.

Bitcoin set for first monthly fall since Aug

Bitcoin was set to lose nearly 4% in December, which saw the U.S. Federal Reserve's hawkish tilt.

It had risen nearly 40% in November with a rally induced by Donald Trump's presidential election victory in early November.

Oil rises on expanding Chinese factory activity.

Oil prices rose on Tuesday after data showed China's manufacturing activity expanded in December, but they are on track to end lower for a second consecutive year due to demand concerns in top consuming countries.

Brent crude futures rose 57 cents, or 0.8%, to \$74.56 a barrel as of 0730 GMT. U.S. West Texas Intermediate crude gained 58 cents, or 0.8%, to \$71.57 a barrel. For the year, Brent declined 3.2%, while WTI was down 0.1%.

China's manufacturing activity expanded for a third straight month in December but at a slower pace, an official factory survey showed on Tuesday, suggesting a blitz of fresh stimulus is helping to support the world's second-largest economy.

Chinese authorities have also agreed to issue a record 3 trillion yuan (\$411 billion) in special treasury bonds in 2025 to revive economic growth, Reuters reported last week.

A weaker demand outlook in China has forced both the Organisation of Petroleum Exporting Countries (OPEC) and the International Energy Agency (IEA) to cut their oil demand expectations for 2025.

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