

# MARKET UPDATE

**10/01/2025**

## **Asia FX weakens with dollar near 2-year peak.**

Most Asian currencies weakened on Friday, while the dollar sat near its strongest level in over two years as traders braced for a potentially strong nonfarm payrolls reading due later in the day.

Regional sentiment was also undermined by weak inflation data from China, while traders speculated over a potential interest rate hike by the Bank of Japan, although this provided only fleeting support to the yen.

The dollar moved little in overnight trade on account of a U.S. market holiday. But the greenback remained upbeat following hawkish signals from the Federal Reserve earlier this week.

Dollar steady near 2-yr high as nonfarm payrolls loom

The dollar index and dollar index futures both firmed slightly in Asian trade, and were just below their strongest levels since November 2022.

Focus was squarely on nonfarm payrolls data for December, due later on Friday, for more cues on the U.S. economy and interest rates.

## **Gold prices steady.**

Gold prices rose slightly in Asian trade on Friday and were headed for some weekly gains as heightened uncertainty over U.S. interest rates and trade tariffs fueled increased safe haven demand.

But strength in the dollar, ahead of a key labor market report due later in the day, limited any major upside in gold, as did hawkish signals from the Federal Reserve.

Spot gold rose 0.1% to \$2,672.12 an ounce, while gold futures expiring in February rose 0.2% to \$2,695.74 an ounce by 23:58 ET (04:58 GMT).

Gold heads for weekly gains as rate, trade jitters spur some haven demand

Spot prices were trading up about 1.5% this week, as increased economic uncertainty spurred some safe haven demand for the yellow metal.

Markets were on edge ahead of nonfarm payrolls data for December, due later on Friday, which is likely to factor into the outlook for U.S. rates. Payrolls data has consistently beaten expectations over the past year, amid continued resilience in the labor market. This trend gives the Fed more headroom to consider future rate cuts.



## Dollar holds onto gains ahead of US jobs data.

The dollar held steady in Asia on Friday and looked set to extend its longest weekly winning streak in over a year, underpinned by rising bond yields and expectations of another strong set of U.S. jobs numbers.

The dollar has gained 0.5% on the yen this week to buy 158.405 yen and nearly 1% on an ailing British pound, which was battered to a 14-month low in tandem with a selloff in gilts and concern about British finances.

The dollar is set for a broadly steady week on the euro, buying \$1.0289 and it has notched up small gains on the Australian and New Zealand dollars. [AUD/]

The dollar index is set for a sixth consecutive weekly gain, its longest run since an 11-week streak in 2023 as the U.S. outshines economies elsewhere.

The index was steady in Asia for a 0.4% weekly rise to 109.33.

"We doubt the dollar needs to hand back much of its recent gains," said Chris Turner, global head of markets at ING, noting a shakeout in sterling long positions and risks to the upside for the dollar from U.S. jobs data due later in the day.

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