

MARKET UPDATE

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Asia stocks jump on US inflation relief.

Asian stocks rose sharply on Thursday as markets cheered a softer U.S. inflation reading, while South Korea's central bank left interest rates unchanged despite expectations of a cut amid political unrest.

Regional markets took cues from an overnight surge in Wall Street after Wednesday's inflation data. U.S. stock futures were largely steady in Asia hours on Thursday.

Market focus now shifts to the Bank of Japan interest rate decision due next week. BOJ Governor Kazuo Ueda said on Wednesday that a rate hike is possible if economic and price conditions continue to improve.

Japan's Nikkei 225 rose 0.4% on Thursday but lagged its peers as a rising yen amid rate hike speculations created downward pressure.

A stronger yen makes Japanese goods more expensive abroad, reducing demand and profit margins for exporters. This weighs on stock prices, dragging down the overall market indices.

Asia stocks cheer soft US CPI, Australian shares lead gains

U.S. Consumer Price Index (CPI) for December rose by 0.4%, largely in line with economists' expectations, while the Federal Reserve's closely watched - underlying measure was slower than anticipated.

Stocks up with US rate cuts back in view.

Stocks rose on Thursday and the dollar softened as easing core U.S. inflation kept potential rate cuts by the Federal Reserve on the table, while the yen hit a one-month high on growing expectations the Bank of Japan could raise rates next week.

European stock futures pointed to a subdued open after the pan-European STOXX 600 clocked its strongest daily performance in four months on Wednesday. STOXX 50 futures and UK FTSE futures were 0.3% higher.

Investor focus in Europe will be on luxury firms and chipmakers following strong earnings from Cartier jewellery owner Richemont (SIX:CFR) and AI chipmaker Taiwan Semiconductor Manufacturing Co.

Asian stocks followed suit on Thursday, with MSCI's broadest index of Asia-Pacific shares outside Japan up 1.2%.

Oil rises as US inventory supply concerns.

Oil prices gained for a second session on Thursday, supported by worries over potential supply disruptions amid U.S. sanctions on Russia, a larger-than-forecast fall in U.S. crude oil stocks, and an improving global demand outlook.

Brent crude futures rose 23 cents, or 0.3%, to \$82.26 per barrel by 0731 GMT, after rising 2.6% in the previous session to their highest since July 26 last year.

U.S. West Texas Intermediate crude futures rose 28 cents, or 0.4%, to \$80.32 a barrel, after gaining 3.3% on Wednesday to their highest since July 19.

U.S. crude oil stocks fell last week to their lowest since April 2022 as exports rose and imports fell, the Energy Information Administration (EIA) said on Wednesday. [EIA/S]

The 2 million-barrel draw was more than the 992,000-barrel decline analysts had expected in a Reuters poll.

The drop added to a tightened global supply outlook after the U.S. imposed broader sanctions on Russian oil producers and tankers. The new U.S. sanction measures have sent Moscow's top customers scouring the globe for replacement barrels, while shipping rates have surged too.

The Biden administration on Wednesday imposed hundreds of additional sanctions targeting Russia's military industrial base and evasion schemes.

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