

# MARKET UPDATE

21/02/2025

## Dollar near year-to-date lows.

The yen retreated on Friday from a 2-1/2 month high hit on a jump in Japanese inflation, while the dollar was set for its third weekly drop in a row as traders calculated the start of Donald Trump's second term has been mostly bluster on the tariff front.

The yen broke through chart resistance at 150 per dollar overnight and strengthened as far as 149.285 per dollar, and Japanese government bonds were sold off after national core inflation hit a 19-month peak in January, buoying expectations for more interest rate increases in Japan.

But the yen pulled back sharply, and bond yields declined after Bank of Japan (BOJ) chief Kazuo Ueda said the central bank could step up government bond buying if long-term interest rates jump.

The euro was up 0.8% overnight and steadied in Asia around \$1.0493, with traders awaiting an election in Germany on the weekend where polls point to a conservative coalition win.

## Japan eyes Tesla investment in Nissan.

A high-level Japanese group, including former Prime Minister Yoshihide Suga, is proposing that Tesla (NASDAQ:TSLA) invest in struggling carmaker Nissan Motor (TYO:7201) following the collapse of its merger talks with Honda (NYSE:HMC) Motor (TYO:7267), the Financial Times reported on Friday citing sources familiar with the matter.

The initiative is being led by Hiro Mizuno, a former Tesla board member, and is supported by Suga and his former aide Hiroto Izumi, the FT report stated.

The group hopes that Elon Musk's Tesla will become a strategic investor, leveraging Nissan's underutilized U.S. factories to expand domestic production amid US tariff threats, it added.

The plan emerged after Nissan (OTC:NSANY) walked away from Honda's \$58 billion merger proposal, raising fears of a potential takeover by foreign investors, including Taiwanese tech giant Foxconn (SS:601138). The FT reported that Tesla's interest could counter such risks while boosting its manufacturing footprint in the US.

Neither Tesla, Musk, Nissan, nor other involved parties have officially announced any such news.

## Bitcoin price today rises for 3rd straight day to \$98.4k.

Bitcoin rose more than 1% for the third consecutive day on Friday and was set to end the week in positive territory as some investors shrugged off fears related to U.S. tariffs, although they were still concerned about the Federal Reserve's interest rate outlook

The world's largest cryptocurrency rose 1.6% to \$98,409.2 by 01:36 ET (6:36 GMT).

The cryptocurrency, which has struggled to break out of its recent consolidation phase, was set to gain nearly 1% this week.

Gains were capped as the Fed has maintained its stance that it was in no rush to reduce interest rates this year, citing sticky inflation.

Higher interest rates and elevated inflation levels typically spark liquidity fears, pushing market participants away from speculative assets like crypto.

### Hawkish Fed outlook keeps Bitcoin range-bound

Governor Adriana Kugler stated on Thursday that the central bank should maintain its current short-term borrowing rate in the range of 4.25% to 4.50% for some time to address elevated inflation.

The Fed's decision to keep interest rates elevated aims to temper economic activity and control inflation. However, this approach can have a cooling effect on speculative investments, including cryptocurrencies.

While the Federal Reserve's stance on interest rates remains a critical factor for financial markets, Bitcoin's current performance indicates a complex interplay of influences.

Analysts believe that investors are weighing the potential for long-term gains against the backdrop of monetary policy and economic indicators.

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