

Gold bullion edges up; focus turns to US data

GOLD reversed course to edge up on Wednesday as the dollar weakened and investors kept a close eye on a slew of upcoming US economic data that could influence the US Federal Reserve monetary policy meeting next week.

Spot gold rose 0.2% to \$1,940.49 per ounce by 1:40 p.m. ET (18:40 GMT).

US gold futures settled up 0.4% to \$1,942.60.

Prices had fallen by up to 0.6% earlier in the session.

Some corrective price action and profit taking from traders are the reasons for the slight pullback earlier today in gold, which "could be argued as being healthy for the uptrend to be extended," said Jim Wyckoff, senior analyst at Kitco Metals.

Gold prices rose to a nine-month high on Tuesday as fears over a global recession and hopes around slower rate hikes from the US central bank boosted its allure.

The dollar was 0.3% lower on Wednesday, making gold more attractive to holders of foreign currencies.

The US Commerce department is expected to unveil its initial advance fourth-quarter gross domestic product (GDP) estimates on Thursday, which could set the tone for the Fed's Jan. 31-Feb. 1 policy meeting.

US weekly initial jobless claims, new home sales and durable goods orders are also on the radar for Thursday.

Elsewhere, spot silver rose 0.6% to \$23.81 per ounce; platinum dropped 1.5% to \$1,041.63; while palladium was down 2.7% to \$1,696.50. — Reuters

Oil largely unchanged after small increase in US crude inventories

BENGALURU — Crude oil prices settled largely unchanged on Wednesday after government data showed a smaller-than-anticipated build in US crude inventories, countering weak economic data from Tuesday.

Brent crude futures settled at \$86.12 a barrel, down a cent, while the US West Texas Intermediate (WTI) crude futures settled at \$80.15 a barrel, up by 2 cents.

The Brent benchmark had dropped 2.3% and WTI futures slipped 1.8% in Tuesday's session after data showed US business activity contracted in January for the seventh straight month, raising concerns about an economic slowdown.

"End of the day here, the market is starting to get a little more anxious about the economy and things along those lines," Mizuho analyst Robert Yawger said. "Main worry at this point is demand

ASIA-DUBAI (JANUARY CONTRACT)

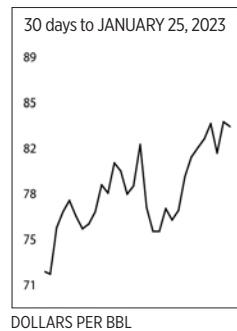


Table with 5 columns (Jan 17-25) and 2 rows (Average Jan. 3-25, Average Dec. 1-30).

NEW YORK-WTI (MARCH CONTRACT)

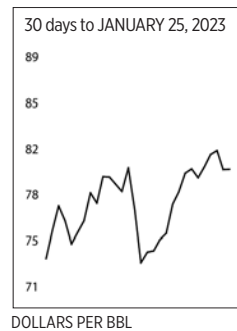


Table with 5 columns (Jan 17-25) and 2 rows (Average Jan. 3-25, Average Dec. 1-30).

LONDON-BRENT (MARCH CONTRACT)

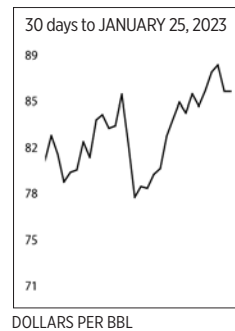


Table with 5 columns (Jan 17-25) and 2 rows (Average Jan. 3-25, Average Dec. 1-30).

Source: REUTERS

destruction due to an economic slowdown."

WTI prices briefly rose by over \$1 per barrel on Wednesday after the Energy Information Administration (EIA) said that US crude inventories rose by 533,000 barrels

in the last week to 448.5 million barrels. Analysts polled by Reuters were expecting a 1 million-barrel rise.

"The market is taking the report as somewhat supportive," said Phil Flynn of Price Futures Group.

S&P 500 ends lower on weak corporate guidance

NEW YORK — The S&P 500 ended nominally lower on Wednesday as a string of corporate earnings ran the gamut from downbeat to dismal, reviving worries over the economic impact of the US Federal Reserve's restrictive policy.

All three major US stock indexes pared their losses throughout the afternoon to close well off session lows, with the blue-chip Dow eking out a small gain in the final minutes.

The tech-laden Nasdaq was weighed down after Microsoft Corp., the first major technology firm to post quarterly results, offered dour guidance and raised red flags with respect to its mega-cap peers which have yet to report.

"We've had up and down days, that indicates an ongoing tug-of-war," said Chuck Carlson, chief executive officer at Horizon Investment Services in Hammond, Indiana. "The dour guidance good news from the standpoint of what the Fed is doing is working."

"That outcome has become the catalyst for the market one way or the other," Mr. Carlson added. "Earnings matter but what's really got the market's focus is the Fed interest rate/inflation story."

Fourth-quarter earnings season has shifted into overdrive, with 95 of the companies in the S&P 500 having reported. Of those, 67% have beat consensus estimates, well below the 76% average beat rate

over the past four quarters, according to Refinitiv.

Analysts now see aggregate S&P 500 earnings dropping 3% year-on-year, nearly double the 1.6% drop seen on Jan. 1, per Refinitiv.

The Dow Jones Industrial Average rose 9.88 points or 0.03% to 33,743.84; the S&P 500 lost 0.73 points or 0.02% to 4,016.22; and the Nasdaq Composite dropped 20.92 points or 0.18% to 11,313.36.

Five of the 11 major sectors of the S&P 500 ended lower, with utilities suffering the largest percentage loss.

Abbott Laboratories dropped 1.4%, as weaker-than-expected medical device sales weighed on the stock.

"If we look at crude, the increase in stocks was much smaller than anticipated, and that is raising concerns about tightness in supply. There is no backup supply, like we normally do, as the Strategic Petroleum Reserve is heavily drawn."

Crude prices have rallied in 2023, with global benchmark Brent crude topping \$89 a barrel this week for the first time since early December on the ending of China's coronavirus disease 2019 controls and hopes that rises in US interest rates will soon taper off.

Elsewhere on the supply side, volume should remain steady as the Organization of the Petroleum Exporting Countries (OPEC) and its allies, a group known as OPEC+, are likely to endorse the group's current output levels at a Feb. 1 meeting, OPEC+ sources said on Tuesday. — Reuters

SPOT PRICES

WEDNESDAY, JANUARY 25, 2023

Table with 2 columns: METAL (Palladium, Platinum, Rhodium) and GRAINS (Rice, Broccoli). Includes prices per ounce and per ton.

Table with 4 columns: High, Low, Sett, Psett for LIFFE COFFEE (New Robusta 10 MT - \$/ton).

Table with 4 columns: High, Low, Sett, Psett for LIFFE COCOA (Ldn)-10 MT-\$/ton).

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Table with 2 columns: COCONUT (Manila Copra) and LME FINAL CLOSING PRICES, US\$/MT 3 MOS.

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Microsoft cloud outage hits users around the world

MICROSOFT Corp. said on Wednesday it had recovered all of its cloud services after a networking outage took down its cloud platform Azure along with services such as Teams and Outlook used by millions around the globe.

Azure's status page showed services were impacted in Americas, Europe, Asia Pacific, Middle East and Africa. Only services in China and its platform for governments were not hit.

By late morning Azure said most customers should have seen services resume after a full recovery of the Microsoft Wide Area Network (WAN).

An outage of Azure, which has 15 million corporate customers and over 500 million active users, according to Microsoft data, can impact multiple services and create a domino effect as almost all of the world's largest companies use the platform.

Businesses have become increasingly dependent on online platforms after the pandemic caused a shift to more employees working from home.

Earlier, Microsoft said it had determined a network connectivity issue

was occurring with devices across the Microsoft WAN. This impacts connectivity between clients on the internet to Azure, as well as connectivity between services in data centers, it said.

Microsoft later tweeted that it had rolled back a network change that it believed was causing the issue and was using "additional infrastructure to expedite the recovery process".

Microsoft did not disclose the number of users affected by the disruption, but data from outage tracking website Downtidetector showed thousands of incidents across continents.

The Downtidetector site tracks outages by collating status reports from various sources including users.

Microsoft's cloud business had helped shore up its fiscal second-quarter earnings on Tuesday. It forecast third-quarter revenue in its so-called intelligent cloud business would be \$21.7 billion to \$22 billion despite worries that the lucrative cloud segment for big tech companies could be hit hard as customers look to cut spending.

Azure's share of the cloud computing market rose to 30% in 2022, trailing Amazon's AWS, according to estimates from BofA Global Research.

Microsoft joined other big tech companies in turning to layoffs to ride out the weaker economy, announcing last week it was cutting over 10,000 jobs.

Its shares were down 3.2% at \$234.41.

Outages of Big Tech platforms are not uncommon as several companies ranging from Google to Meta have seen service disruptions. Azure, the second largest cloud services provider after Amazon, faced outages last year.

During the outage, users faced problems in exchanging messages, joining calls or using any features of Teams application. Many users took to Twitter to share updates about the service disruption, with #MicrosoftTeams trending as a hashtag on the social media site.

Microsoft Teams, used by more than 280 million people globally, forms an integral part of daily operations for businesses and schools, which use the service to make calls, schedule meetings and organize their workflow.

There were few signs of significant disruption at major UK-based financial services firms, where multiple messaging applications offered by providers like Movius and Symphony are used alongside Microsoft Teams to connect bankers with clients, and office-based staff with colleagues working remotely.

Two London-based sources, working at two major global banks, said they hadn't even noticed a problem.

Deutsche Boerse Group, which operates the Frankfurt Stock Exchange, said there had been no impact on trading. Frankfurt-based Commerzbank AG said in a statement that Microsoft was investigating several issues impacting the bank.

Among the other services affected were Microsoft Exchange Online, SharePoint Online, OneDrive for Business, according to the company's status page.

"I think there is a very big debate to be had on resiliency in the comms and cloud space and the critical applications," Symphony Chief Executive Brad Levy said. — Reuters

Meta's social media apps back online after brief disruption

META Platforms, Inc.'s social media apps appeared to be back up after facing a brief disruption in the United States on Wednesday, data on outage tracking website Downtidetector.com showed.

At the peak of the outage, more than 17,000 user reports had indicated issues with Instagram in the United States, as of 23:52 GMT. Over 13,000 incidents were reported for the Facebook app and outage reports also briefly spiked for WhatsApp and Facebook Messenger around the same time. Downtidetector tracks outages by collating status reports from several sources including user-submitted errors on its platform.

Outages of Big Tech platforms are not uncommon as several companies ranging from Alphabet, Inc.'s Google to Microsoft Corp. have seen service disruptions.

Microsoft was hit with a networking outage earlier on Wednesday that took down its cloud platform Azure along with services such as Teams and Outlook, affecting millions of users globally.

Meta did not immediately respond to a Reuters request for comment. — Reuters

News Corp investors cheer scrapping of tie-up with Fox

NEW YORK — Large shareholders in News Corp on Wednesday applauded Rupert Murdoch's decision to withdraw a proposal to reunite the owner of Dow Jones and Fox Corp., as News Corp decided to pursue a sale of Move, Inc. instead.

News Corp is in talks to sell Move, which operates the Realtor.com website, to CoStar Group, the company said on Tuesday confirming an earlier Reuters report.

On Wednesday afternoon, News Corp shares were up over 5%, paring some earlier gains, as shareholders hailed the decision to abandon the deal with Fox to instead pursue the sale of Move at a significant premium to what News Corp first paid for the company it bought in 2014.

News Corp bought Move for about \$1 billion in 2014. It is in

talks to sell the stake in Move for more than \$3 billion, Reuters has reported.

Since the move to reunite Fox and News Corp was first announced in October last year, a number of large shareholders on both sides had opposed the deal.

T. Rowe Price, the biggest investor in News Corp with a roughly 12% stake, had previously expressed concerns that the deal would undervalue News Corp. On Wednesday, portfolio manager Vincent DeAugustino cheered News Corp's decision to scrap the deal.

"We applaud the decision to forgo such a transaction as News Corp considers other options to unlock value," he said in a statement.

On Tuesday, activist investment firm Irenic Capital, which had also opposed the proposed reunion of Fox and News Corp,

applauded the decision to not move forward.

Cowen & Co.'s Doug Creutz said investors were pleased by the decision to walk away from a potential combination, saying that pressure from investors like T Rowe Price weighed on the Murdoch's decision to pursue the deal.

A rally in News Corp shares in recent weeks meant Fox would have had to pay a significant premium for the merger to be agreed, something that the Murdochs did not believe they could justify to shareholders. Fox shares were up about 2% on Wednesday.

While News Corp's decision to sell Move has been positively received, questions now remain on the future of the company's non-media assets, which include its stake in Australian real estate company REA Group Ltd. — Reuters

UN says world economic growth to slow in 2023, pick up in 2024

UNITED NATIONS — Global economic growth is projected to slow to 1.9% this year from an estimated 3% in 2022, according to a United Nations report released on Wednesday that blamed the COVID-19 pandemic, Russia's war in Ukraine, high inflation and the climate crisis.

The World Economic Situation and Prospects report said this would mark one of the lowest growth rates in recent decades.

"Global growth is forecast to moderately pick up to 2.7 per cent in 2024, if, as expected, some macroeconomic headwinds begin to subside next year," it said. "The near-term economic outlook remains highly uncertain, however, as myriad economic, financial, geopolitical and environmental risks persist."

The International Monetary Fund (IMF) is due to release its World Economic Outlook update later this month, but IMF head Kristalina Georgieva said last week that she saw no "dramatic improvement" in its current 2023 global growth forecast of 2.7%, down from around 3.2% last year.

In October, the IMF put a 25% probability of global growth falling below 2% next year — a phenomenon that has occurred only five times since 1970.

The UN report by the world body's Department of Economic and Social Affairs said that weakened growth in the United States, the European Union (EU) and other developed economies had adversely affected the global economy.

It projected that US gross domestic product would only expand 0.4% in 2023, compared to an estimated growth of 1.8% in last year. The EU was forecast to grow by 0.2% in 2023, down from an estimated 3.3% in 2022.

The IMF in October forecast US economic growth of 1% in 2023 and growth of 0.5% in the EU.

The report forecast economic growth in China would accelerate to 4.8% this year after the government abandoned its zero-COVID-19 policy and began easing monetary and fiscal policies. This compares to an expected 3% expansion in 2022.

"But the reopening of the economy is expected to be bumpy. Growth will likely remain well below the pre-pandemic rate of 6 to 6.5 per cent," the report said.

The IMF is forecasting Chinese growth of 4.4% for 2023, Ms. Georgieva said last week. — Reuters

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