

## Gold recoups from 2-week low as traders eye US inflation data

GOLD PRICES drifted higher on Monday from a two-week low hit in the previous session as traders gauged fading hopes of US interest rate cuts ahead of a key inflation report due later this week.

Spot gold was up 0.4% at \$2,342.73 per ounce, as of 05:43 GMT, having touched its lowest since May 9 at \$2,325.19 on Friday. US gold futures also climbed 0.4% to \$2,343.60.

Bullion hit a record high of \$2,449.89 earlier last week, but has shed more than \$100 since then.

“I suspect gold can manage a small bounce from current levels before retesting the \$2,280-\$2,300 zone, which could see losses extended if US data continues to outperform,” said City Index senior analyst Matt Simpson.

The core personal consumption expenditures price index, the preferred inflation measure for the US Federal Reserve, is due on Friday.

Bullion is known as an inflation hedge, but higher rates increase the opportunity cost of holding non-yielding gold.

“With bullish fingers being burned at the highs and forcing some to liquidate and others to switch to the bear-camp, I doubt we’ll see a new high soon with the Fed maintaining their ‘higher-for-longer’ narrative with interest rates,” City Index’s Mr. Simpson said.

Minutes from the Federal Reserve’s meeting published last week showed the central bank’s path to 2% inflation could take longer than expected.

Traders’ bets indicated rising scepticism that the Fed will lower rates more than once in 2024, currently pricing in about a 62% chance of a rate cut by November according to the CME FedWatch Tool.

According to Reuters technical analyst Wang Tao, spot gold may test resistance at \$2,352 per ounce, a break above could open the way towards \$2,363. — *Reuters*

### SPOT PRICES

FRIDAY, MAY 24, 2024

#### METAL

PALLADIUM free \$/troy oz	969.75
PALLADIUM JMI base, \$/troy oz	981.00
PLATINUM free \$/troy oz	1,030.68
PLATINUM JMI base \$/troy oz	1,034.00
KRUGGERAND, fob \$/troy oz	2,338.00
IRIDIUM, whs rot, \$/troy oz	4,765.00
RHODIUM, whs rot, \$/troy oz	4,715.00

#### GRAINS (May 23, 2024)

(FOB Bangkok basis at every Thursday)

FRAGRANT (100%) 1 <sup>st</sup> Class, \$/ton	941.00
FRAGRANT (100%) 2 <sup>nd</sup> Class, \$/ton	913.00
RICE (5%) White Thai- \$/ton	649.00
RICE (10%) White Thai- \$/ton	648.00
RICE (15%) White Thai- \$/ton	629.00
RICE (25%) White Thai- \$/ton (Super)	629.00
BROKER RICE A-1 Super \$/ton	480.00

#### FOOD

COCOA ICCO Dly (SDR/mt)	5,888.78
COCOA ICCO \$/mt	7,795.80
COFFEE ICA comp 2001 cts/lb	214.79
SUGAR ISA FOB Daily Price, Carib. port cts/lb	18.36
SUGAR ISA 15-day ave.	19.01

#### LIFFE COFFEE

New Robusta 10 MT - \$/ton

	High	Low	Sett	Psett
July	3,907	3,810	3,892	3,819
Sept.	3,819	3,727	3,806	3,739
Jan.	3,630	3,546	3,616	3,548
Mar.	3,520	3,486	3,532	3,463

#### LIFFE COCOA

(Ldn)-10 MT-E/ton

	High	Low	Sett	Psett
July	6,880	6,512	6,819	6,652
Sept.	6,498	6,133	6,385	6,279
Mar.	5,188	4,832	5,005	4,989
May	4,958	4,627	4,789	4,768

#### COCONUT

MANILA COPRA (based on 6% moisture)  
Peso/100kg Buyer/Seller

Lag/On/Luc 24	3,450.00/3,500.00
Philippine Coconut Oil - Crude	
CIF NY/NOLA	69.50
FOB RAIL/NOLA	74.50

COCONUT OIL (PHIL/IDN), \$ per ton

CIF Europe	
Aug./Sept/24	0.00/1,350.00
Sept./Oct./24	0.00/1,388.75
Oct./Nov./24	0.00/1,395.00
Nov./Dec./24	0.00/1,422.50

#### LONDON METAL EXCHANGE

LME FINAL CLOSING PRICES, US\$/MT

3 MOS.	
ALUMINUM H.G.	2,621.50
ALUMINUM Alloy	1,820.00
COPPER	10,417.50
LEAD	2,306.00
NICKEL	20,084.00
TIN	33,451.00
ZINC	3,062.50

# Oil prices steady as markets turn focus on OPEC+ meeting

NEW DELHI — Oil prices steadied in Asian trading on Monday as markets awaited an OPEC+ meeting on June 2 where producers are expected to discuss maintaining voluntary output cuts for the rest of the year.

The Brent crude July contract was up 24 cents to \$82.36 a barrel as of 06:38 GMT. The more-active August contract rose 29 cents to \$82.13.

US West Texas Intermediate (WTI) crude futures rose 28 cents to \$78 per barrel.

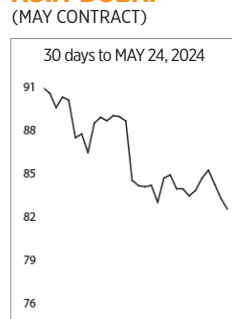
Brent ended last week about 2% lower and WTI lost nearly 3% after Federal Reserve minutes showed some officials would be willing to tighten interest rates further if they believed it was necessary to control persistent inflation.

Public holidays in the US and UK on Monday are expected to keep trading relatively thin.

The upcoming meeting of the Organization of the Petroleum Exporting Countries (OPEC) and allies, known as OPEC+, was pushed back by a day and will be held online, OPEC said on Friday.

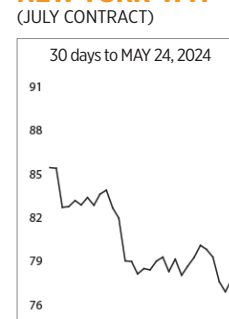
The producers will discuss whether to extend voluntary out-

#### ASIA-DUBAI (MAY CONTRACT)



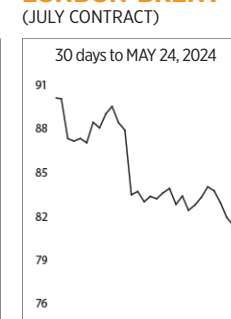
DOLLARS PER BBL					
May	17	20	21	23	24
\$/bbl	84.65	85.19	84.20	83.23	82.49
Average (May 1-24)	\$84.00				
Average (April 1-30)	\$89.17				

#### NEW YORK-WTI (JULY CONTRACT)



DOLLARS PER BBL					
May	20	21	22	23	24
\$/bbl	79.80	79.26	77.57	76.87	77.72
Average (May 1-24)	\$78.65				
Average (April 1-30)	\$84.39				

#### LONDON-BRENT (JULY CONTRACT)



DOLLARS PER BBL					
May	20	21	22	23	24
\$/bbl	83.71	82.88	81.90	81.36	82.12
Average (May 1-24)	\$83.03				
Average (April 1-30)	\$89.00				

Source: REUTERS

put cuts of 2.2 million barrels per day (bpd) into the second half of the year, with three sources from OPEC+ countries saying an extension was likely.

Oil futures are expected to maintain today’s gains due to expectations of the cuts being extended, said Sugandha Sachdeva, founder of Delhi-based research firm SS WealthStreet.

“However, the trajectory of price action will be significantly influenced by the US Producer

Price Index data scheduled for the week, which will in turn shape the Federal Reserve’s approach to potential rate adjustments,” Ms. Sachdeva said.

Combined with another 3.66 million bpd of production cuts valid through the end of the year, the output cuts are equivalent to nearly 6% of global oil demand.

OPEC has said it expects another year of relatively strong growth in oil demand of 2.25 million bpd, while the Interna-

## Asia shares nudge higher before US, EU inflation reports

SYDNEY — Asian shares firmed on Monday as investors braced for a busy run of inflation data that could set the scene for a European Union (EU) rate cut as soon as next week and a US policy easing within just a few months.

Holidays in Britain and the United States made for thin trading ahead of Friday’s figures on core personal consumption expenditures (PCE), the US Federal Reserve’s preferred measure of inflation.

Median forecasts are for a rise of 0.3% in April, keeping the annual pace at 2.8%, with risks on the downside.

“Consumer and producer price data suggest core PCE inflation lost further momentum in April after a strong start to the year,” analysts at TD Securities said in a note.

“Indeed, we look for the core index to advance 0.22% m/m vs 0.32% in March and an initial 0.25% estimate,” they added.

“We also look for the headline to rise 0.23% m/m while the super core likely cooled to 0.26%.”

Figures for inflation in the euro zone are also due on Friday and an expected tick up to 2.5% should not stop the European Central Bank (ECB) from easing policy next week.

Policy makers Piero Cipollone and Fabio Panetta both flagged a coming cut over the weekend, while markets imply an 88% chance of an easing to 3.75% on June 6.

The ECB’s chief economist told the Financial Times newspaper that the central bank was ready to start cutting, but policy would still need to be restrictive this year.

The Bank of Canada might also ease next week, while the Fed is seen waiting until September for its first move.

At least eight Fed officials are due to speak this week, includ-

tional Energy Agency expects much slower growth of 1.2 million bpd.

ANZ analysts said in a note that they will be watching gasoline usage as the Northern Hemisphere enters summer, traditionally a high season due to driving holidays.

“While US holiday trips are expected to hit a post-COVID high, improved fuel efficiency and EVs could see oil demand remain soft,” the analysts said. But they added that could be offset by rising air travel.

Markets will also be watching the US personal consumption expenditures index this week for more signals about interest rate policy. The index, due to be released on May 31, is seen as the US Federal Reserve’s preferred measure of inflation.

Separately, Goldman Sachs raised its forecast for 2030 oil demand to 108.5 million bpd from 106 million bpd. It also said it expects peak oil demand to occur by 2034 at 110,000 million bpd followed by a long plateau till 2040. — *Reuters*

## Starbucks tries to avoid price war but gets dragged into discounting in China

SHANGHAI — As Starbucks faces stiff competition for its brew in China from fast-growing, low-cost rivals who have chipped into its market share, the coffee chain is increasingly being dragged into a

price war it says it wants to avoid.

The stakes are high for Starbucks, which has come under growing pressure from investors recently due to weaker sales in its two biggest markets — the United States and China.

While the Seattle-based company has got its work cut out in the world’s second-biggest economy, where its rival Luckin Coffee piped it to the top spot on annual sales for the first time in 2023,

management is convinced it does not need to get into a race to the bottom on prices.

“We are not interested in entering the price war,” Starbucks’ China CEO Belinda Wong said in Janu-

ary. “We are focusing on capturing high quality but profitable, sustainable growth.” Those sentiments were repeated by founder Howard Schultz on a visit to Shanghai in March. — *Reuters*

**FULL STORY**

Read the full story by scanning the QR code with your smartphone or by typing the link <<https://tinyurl.com/34e6fj8y>>

## Japan renews push to keep yen bears in check at Group of Seven meeting

STRESA — Japan renewed its push to counter excessive yen falls during a weekend gathering of Group of Seven (G7) finance leaders, after a recent rise in bond yields to a 12-year high failed to slow the currency’s stubborn decline.

The effort by the government and central bank underscores the dilemma policy makers face as they seek to balance the need to arrest sharp yen drops that hurt consumption, while keeping borrowing costs low to underpin a fragile economy.

After lobbying by Japan, the G7 finance ministers reaffirmed in a communique issued after their meeting in Italy on Saturday their commitment cautioning against excess volatility in foreign exchange rates.

The agreement came after Japan’s top currency diplomat Masato Kanda on Friday talked up the chance of renewed currency-market intervention, telling reporters that Tokyo stood ready to act “any time” to counter excessive yen movement.

“If there are excessively volatile moves that have an adverse effect on the economy, we need to take action, and doing so would be justified,” he said.

Bank of Japan (BoJ) Governor Kazuo Ueda, who also attended the G7 meeting, signaled that soft consumption or rising bond yields will not get in the way of normalizing monetary policy.

Mr. Ueda said on Thursday a slump in first-quarter gross domestic product did not change the BoJ’s view that Japan’s economy was on track for a moderate recovery. Analysts have said the BoJ will likely raise interest rates

in coming months if the economy moves in line with its forecasts.

He also refrained from speaking against a recent rise in the 10-year bond yield to a 12-year high, that was driven in part by market expectation the BoJ will soon embark on a full-fledged tapering of bond purchases.

“Our basic stance is for long-term interest rates to be set by markets,” Mr. Ueda said when asked about recent rises in Japan’s long-term rates.

The remarks followed a slew of hawkish signals by the BoJ that has heightened market expectation of a near-term hike in interest rates, or a scale-back in its huge bond purchases.

Mr. Ueda has ruled out using monetary policy to influence yen movement. But he escalated his rhetoric against the impact a weak yen could have on inflation, after the currency’s plunge led to suspected yen-buying intervention by the government on April 29 and May 2.

A Reuters poll showed many analysts project the BoJ to hike rates either in the third or fourth quarter this year.

#### DATA CLOUDS OUTLOOK

Mr. Ueda also signaled the BoJ’s readiness to slow but steadily raise interest rates, if inflation durably hits its 2% target in coming years as projected.

But data so far have not been promising. Consumption is weak as wage hikes have yet to catch up to the rising cost of living.

Service-sector inflation, closely watched by the BoJ as a key indica-

tor of underlying price trends, also remains flat.

“Services inflation likely peaked out,” said Junichi Makino, chief economist at SMBC Nikko Securities. “It doesn’t seem like underlying inflation will accelerate towards 2%.”

Given such weak signs in the economy, some analysts are shifting attention to whether the BoJ will taper its bond-buying as part of efforts to slow the yen’s decline.

Mr. Ueda has ruled out using the BoJ’s bond-buying as a monetary policy tool, after having exited its radical monetary stimulus in March. But markets remain fixated on the BoJ’s market operations for clues on when it will start to taper.

Some analysts expect the BoJ to decide on slashing bond purchases as early as its next policy meeting in June. Market expectations of a near-term tapering helped pushed the benchmark 10-year Japanese government bond yield to a 12-year high of 1.005% on Friday.

But the rise in yields has failed to give the yen JPY=EBS much boost. It stood at 156.98 to the US dollar on Friday, not far from the more than three-week low of 157.19 touched on Thursday.

“While markets seem excited about the chance of a policy shift, the BoJ is probably cool-headed about all this,” said Daiwa Securities chief market economist Mari Iwashita, who rules out the chance of a taper decision in June.

“Besides, there’s no guarantee such action could stop the yen’s fall.” — *Reuters*

## Meralco ramps up maintenance activities in Marikina City



Manuel V. Pangilinan-led Manila Electric Company (Meralco) has ramped up its preventive maintenance and upgrading activities in Marikina City to further improve the quality and delivery of electricity service in the area.

Part of the series of proactive maintenance activities of the power distributor in the city involves the upgrading of two pole-mounted transformers from 10 kilovolt-amperes (kVA) to 50 kVA along Tangerine Street in SSS Village, Concepcion II. The project is intended to improve the efficiency,

reliability, and safety of the power system.

“Meralco has been proactively conducting various maintenance activities across our franchise area to continuously improve the quality and reliability of our electricity service,” Meralco First Vice-President and Head of Networks Froilan J. Savet said.

Meralco continuously invests in the improvement of its distribution system to ensure the delivery of safe, stable, and reliable electricity service to its customers as part of its commitment to #KeepingTheLightsOn and #PoweringABrighterTomorrow.