

Gold gains as soft US data lift interest rate cut bets

GOLD PRICES edged higher on Tuesday after softer-than-expected US retail sales data cemented hopes that the US Federal Reserve will reduce interest rates this year, sending the dollar and Treasury yields lower.

Spot gold was up 0.4% at \$2,329.16 per ounce by 01:58 p.m. ET (1758 GMT). US gold futures settled 0.8% higher at \$2,346.90.

“Weaker-than-expected retail sales data brought the dollar lower, and at the same time, yields backed off, so that’s providing some upside to gold prices here,” said Daniel Pavilonis, senior market strategist at RJO Futures.

US retail sales rose 0.1% last month, the Commerce department’s Census Bureau said. Economists polled by Reuters had forecast retail sales gaining 0.3% in May.

Fed Bank of New York President John Williams said interest rates will come down gradually over time, but he declined to say when the central bank can begin easing monetary policy.

Traders are currently pricing in about a 67% chance of a Fed rate cut in September, according to CME FedWatch Tool. Lower interest rates reduce the opportunity cost of holding non-yielding bullion.

Gold prices are down 6% from a record high of \$2,449.89 per ounce touched on May 20 amid a rally which happened against traditional headwinds such as a strong dollar and high interest rates.

Spot silver eased 0.1% to \$29.48 per ounce. However, Nitesh Shah, commodity strategist at WisdomTree, expects the metal to get support in the coming months from this year’s deepening structural market deficit amid growth in solar panel usage.

Platinum gained 0.7% to \$971.56, and palladium was steady at \$889.20. — Reuters

SPOT PRICES TUESDAY, JUNE 18, 2024

METAL	
PALLADIUM free \$/troy oz	875.75
PALLADIUM JMI base, \$/troy oz	884.00
PLATINUM free \$/troy oz	968.50
PLATINUM JMI base \$/troy oz	974.00
KRUGGERAND, fob \$/troy oz	2,323.00
IRIDIUM, whs rot, \$/troy oz	4,740.00
RHODIUM, whs rot, \$/troy oz	4,550.00

GRAINS (June 13, 2024) (FOB Bangkok basis at every Thursday)	
FRAGRANT (100%) 1 st Class, \$/ton	935.00
FRAGRANT (100%) 2 nd Class, \$/ton	908.00
RICE (5%) White Thai- \$/ton	645.00
RICE (10%) White Thai- \$/ton	644.00
RICE (15%) White Thai- \$/ton	624.00
RICE (25%) White Thai- \$/ton (Super)	624.00
BROKER RICE A-1 Super \$/ton	469.00

FOOD	
COCOA ICCO Dly (SDR/mt)	6,218.31
COCOA ICCO \$/mt	8,192.49
COFFEE ICA comp '2001 cts/lb	226.32
SUGAR ISA FOB Daily Price, Carib. port cts/lb	19.10
SUGAR ISA 15-day ave.	18.93

LIFFE COFFEE

New Robusta 10 MT - \$/ton				
	High	Low	Sett	Psett
July	4,177	4,073	4,108	4,163
Sept.	4,065	3,965	3,994	4,057
Jan.	3,781	3,690	3,704	3,767
Mar.	3,688	3,602	3,616	3,678

LIFFE COCOA

(Ldn)-10 MT-E/ton				
	High	Low	Sett	Psett
July	8,602	8,261	8,484	8,419
Sept.	7,754	7,450	7,686	7,577
Mar.	5,765	5,575	5,745	5,636
May	5,524	5,308	5,506	5,339

COCONUT

COCONUT OIL (PHIL/IDN), \$ per ton	
CIF Europe	Buyer/Seller
June/July'24	0.00/1,380.00
July/Aug'24	0.00/1,350.00
Aug./Sept'24	0.00/1,350.00
Sept./Oct'24	0.00/1,355.00
Philippine Coconut Oil - Crude	
CIF NY/NOLA	69.50
FOB RAIL/NOLA	74.50
COCONUT OIL (US)-cents/lb	
Crude CIF, NY Nola	35.00
Crude FOB rail Nola	37.00

LONDON METAL EXCHANGE

LME FINAL CLOSING PRICES, US\$/MT 3 MOS.	
ALUMINUM H.G.	2,486.50
ALUMINUM Alloy	2,200.00
COPPER	9,671.50
LEAD	2,192.50
NICKEL	17,294.00
TIN	32,144.00
ZINC	2,838.00

Oil prices settle up on mounting tension in Europe, Middle East

HOUSTON — Oil settled more than 1% higher on Tuesday due to escalating geopolitical risk in Europe and the Middle East, where wars continue to threaten global supply.

Brent crude futures settled up \$1.08 or 1.3% at \$85.33 per barrel. US West Texas Intermediate (WTI) crude futures ended \$1.24 or 1.5% higher at \$81.57 a barrel.

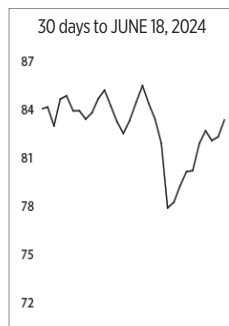
Global benchmark Brent has clambered back from an early-June close of \$77.52, yet remains off its \$90 peaks from mid-April.

Prices rose after a Ukrainian drone strike caused a large fire in a fuel tank at an oil terminal in Russia’s southern port of Azov, according to Russian officials and a Ukrainian intelligence source.

The port of Azov has two oil product terminals, which handled a total of about 220,000 tons of fuel for export during the period from January to May.

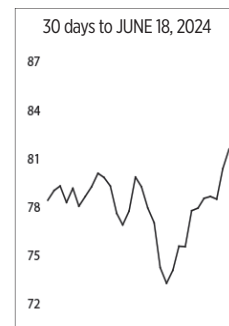
The ongoing attacks on Russia’s oil refining complex pose a threat to physical global supply,

ASIA-DUBAI (JUNE CONTRACT)



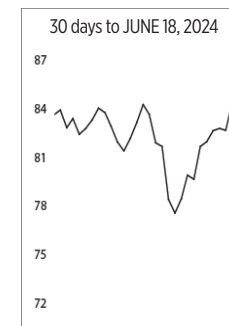
DOLLARS PER BBL	
June 11-18	\$80.88
May 1-31	\$84.04

NEW YORK-WTI (JULY CONTRACT)



DOLLARS PER BBL	
June 12-18	\$77.14
May 1-31	\$78.62

LONDON-BRENT (AUGUST CONTRACT)



DOLLARS PER BBL	
June 12-18	\$81.24
May 1-31	\$83.00

Source: REUTERS

as well as boosting the risk premium priced into crude futures.

Meanwhile, Israeli Foreign Minister Israel Katz warned that a decision on an all-out war with Hezbollah was coming soon even as the US tries to avert a greater war between Israel and Lebanon’s Hezbollah movement.

Special envoy Amos Hochstein to US President Joseph R. Biden, said he had been dispatched to Lebanon immediately following a brief trip to Israel because the situation was “serious.”

Prices also climbed after New York Federal Reserve President John Williams said interest rates

will come down gradually but gave no precise timetable.

Later, oil came under pressure when Boston Federal Reserve President Susan Collins cautioned that it was “too soon to determine whether inflation is durably on a path back to the 2% target.”

The market is also watching US stockpile data due this week for hints on the oil demand outlook during summer driving season.

US crude oil inventories posted a surprise build last week while gasoline stocks fell, market sources said, citing American Petroleum Institute (API) figures.

The API figures showed crude stocks rose by 2.264 million barrels in the week ended June 14, the sources said on condition of anonymity, compared with an expected draw of 2.2 million barrels. Gasoline inventories fell by 1.077 million barrels, and distillates rose by 538,000 barrels. — Reuters

S&P 500, Nasdaq hit record highs on AI momentum

THE S&P 500 and Nasdaq closed at record highs on Tuesday, buoyed by Nvidia’s continued surge to new peaks, while the Dow ended barely higher in subdued preholiday trading following softer-than-expected US retail sales data.

Nvidia overtook Microsoft to become the world’s most valuable company, ending the day with a market capitalization of \$3.22 trillion.

Other chip stocks also extended their recent rallies, boosting the Philadelphia SE Semiconductor index to a record high.

Qualcomm, Arm Holdings, and Micron advanced between 2.1% and 8.7%, with Micron hitting a record high.

The Nasdaq notched a seventh record closing high in a row, as gains in many chip stocks offset

losses in Alphabet, Amazon, and Meta Platforms.

Retail sales rose 0.1% in May, versus the 0.3% growth forecast by economists polled by Reuters, while another report showed surprisingly strong May industrial production and manufacturing output.

Following the news, markets slightly increased bets on two US Federal Reserve interest rate cuts this year, LSEG’s FedWatch showed, despite US central bankers’ most recent projections for just one easing.

Financial and technology led advances among the 11 S&P 500 sectors, up 0.64% and 0.61%, respectively, while communication services and consumer discretionary were the biggest losers.

Fed officials’ comments on Tuesday offered nothing compelling to trade on. New York Fed President John Williams said rates will gradually come down, while Richmond Fed’s Thomas Barkin said he required more months of economic data before supporting a rate cut.

Some market observers noted nothing surprising emerged. “That’s why the markets stay unchanged today,” said Jim Awad, senior managing director at Clearstead Advisors LLC in New York.

US markets will be closed on Wednesday for the Juneteenth holiday.

Hopes for multiple rate cuts this year, excitement for artificial intelligence (AI)-related companies and robust earnings from other tech firms have bolstered

equities in recent months, with gains concentrated in a few heavily weighted stocks.

The Dow Jones Industrial Average rose 56.76 points or 0.15% to 38,834.86. The S&P 500 climbed 13.80 points or 0.25% to 5,487.03, and the Nasdaq Composite gained 5.21 points or 0.029% at 17,862.23.

Shares of education technology provider Chegg rose 3.45% after announcing job cuts in a restructuring.

Advancing issues outnumbered decliners by a 1.79-to-1 ratio on the NYSE, which had 259 new highs and 93 new lows.

Volume on US exchanges was 10.96 billion shares, compared with the 11.79 billion average for the full session over the last 20 trading days. — Reuters

Apple turns to third parties for buy now, pay later service

ALTHOUGH Apple is discontinuing its buy now, pay later (BNPL) service launched last year, the company is sticking with the product, with a successor to the offering launching later this year via third parties like Affirm.

Buy now, pay later exploded in popularity as the COVID-19 pandemic forced more shoppers online, and the product has continued to resonate with consumers. BNPL loans drove \$75 billion in online spending in 2023, up 14.3% from 2022, according to Adobe Analytics.

In a statement on Monday, Apple said its new solution “will enable us to bring flexible payments to more users, in more places across the globe in collaboration with Apple Pay-enabled banks and lenders.” It did not comment further about why it was ending its independent BNPL offering.

Existing users of the BNPL service, Apple Pay Later will still be able to manage and pay open loans via the Wallet app, the company said.

Apple announced last week that Apple Pay users would be able to access new installment loan offerings this fall, including the ability to apply for BNPL loans directly through Affirm when they check out with Apple Pay. Customers will also be able to access installments from credit and debit cards, the tech giant said.

Analysts had viewed Apple’s original BNPL product as a competitor to BNPL providers like Affirm. It offered customers the ability to buy products and pay in four interest-free installments for items up to \$1,000. Affirm offers users the option to pay for products in two or four installments, as well as monthly installments for higher-cost items.

“To me, this sounds a lot like what we see happening with debit cards,” said Sean Gelles, director of payments intelligence at J.D. Power. “Regardless of which debit card a consumer has funding their purchases, as long as they use Apple Pay, it’s Apple that owns the experience.”

Mr. Gelles added that if Apple’s new portfolio of BNPL products are delivered via Apple Pay there would be “minimal risk for Apple as they will thereby retain the relationship with the customer.”

While Apple could choose to partner with additional BNPL providers in the future — such as Affirm rival Klarna — a source familiar with the matter highlighted Affirm’s technology and underwriting expertise, as well as the company’s choice to not charge users late fees.

Klarna declined to comment. — Reuters

Boeing CEO Calhoun blasted in US Senate hearing while apologizing for safety woes

WASHINGTON — US senators on Tuesday attacked the chief executive officer (CEO) of Boeing for the planemaker’s tarnished safety record, overshadowing his apology to families who lost loved ones in two 737 MAX crashes and acceptance of responsibility after a January midair emergency.

Chief Executive Dave Calhoun faced repeated questions about how much he is paid, Boeing’s safety culture, and why he is not immediately resigning instead of retiring by year’s end, at

a hearing before the Senate Permanent Subcommittee on Investigations.

“I am proud of every action we have taken,” Mr. Calhoun said in response to harsh questioning from Republican Senator Josh Hawley who asked, “Why haven’t you resigned?” and accused Mr. Calhoun of “strip-mining” Boeing while earning a multimillion-dollar pay package.

Mr. Calhoun’s total compensation in 2023 rose to \$32.8 million, a 45% increase from the \$22.6 million he received the previous year.

Prosecutors have until July 7 to inform a federal judge in Texas of their plans. The Justice department found in May that Boeing had failed to “design, implement, and enforce a compliance and ethics program” as part of complying with a deferred prosecution agreement following the fatal crashes.

Mr. Calhoun took responsibility for incidents that have thrust Boeing into crisis over the last five years, acknowledging that the Alaska Airlines door plug incident on Jan. 5 was the result of a manufacturing defect. — Reuters

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