

Daily Market Brief

February 1st 2024



FOREIGN EXCHANGE MARKETS

(Sources: Bloomberg / Reuters)

EUR/USD

EUR/USD saw a hard rally in early Wednesday trading, rising three-quarters of a percent bottom-to-top after misses in German Consumer Price Index (CPI) inflation figures, with markets pivoting back into a cautious stance after Federal Reserve (Fed) Chairman Jerome Powell highlighted the need for inflation figures to reflect the Fed's 2% ceiling, not just hitting it.

GBP/USD

The GBP/USD pair remains confined within a trading range between 1.2600 and 1.2800 during the early Asian session on Thursday. The Bank of England (BoE) will announce the interest rate decision later in the day, which is widely anticipated to keep its monetary status quo. The highly anticipated US Nonfarm Payrolls (NFP) will be due on Friday.

USD/JPY

The USD/JPY jostled in rough chart action after the Federal Reserve (Fed) left rates unchanged with additional cautionary concerns about needing the economic outlook to be more certain and better indicators that US inflation will fall to and stay at 2% moving forward. Money markets are now pricing in a 52% chance of no rate cut in March as swap rates pivot to focus on odds of a first cut from the Fed in May.

Fx rates	Last	High	Low	% Daily	% Weekly	% YTD
EUR-USD	1.0803	1.0822	1.0800	-0.14	-0.40	-2.14
GBP-USD	1.2672	1.2698	1.2666	-0.13	-0.28	-0.46
USD-JPY	146.88	147.08	146.48	-0.03	0.53	-3.98
USD-CHF	0.8634	0.8640	0.8608	0.23	0.43	-2.55
Commodities	Last	High	Low	% Daily	% Weekly	% YTD
Gold	2043.43	2049.57	2039.31	0.19	1.12	-0.95
Silver	22.92	23.04	22.88	-0.19	0.01	-3.70
Crude Oil	75.90	76.50	75.76	0.07	-1.89	5.65
Bitcoin	42164.12	42666.50	41860.86	-0.69	0.03	-0.81
Etherium	2270.38	2288.12	2240.08	-0.32	-0.10	-0.52
Period	1 M		3 M			12 M
EURIBOR	3.85		3.90			3.55
SOFR	5.33		5.32			4.83
Notes/Bonds	2 Y		10 Y			30 Y
US	4.24		3.94			4.19
BTP - BUND	0.62		1.56			2.00
GILTS	4.26		3.79			4.46

INTERNATIONAL EQUITY MARKETS

(Sources: Bloomberg / Reuters)

UNITED STATES OF AMERICA

Stocks fell on Wednesday after Federal Reserve chairman Jerome Powell seemingly threw cold water on the markets expectation for a March cut, noting further encouraging data on inflation was needed. Treasury yields seasawed, with the benchmark 10-year Treasury yield hovering around 4%. Alphabet dropped more than 6%. Stock in peer tech firms Microsoft and AMD slipped 2% each on lower-than-expected forward guidance after posting quarterly results.

EUROPE

European stocks closed slightly higher Wednesday as investors digested corporate earnings and awaited the latest monetary policy decision from the U.S. Federal Reserve. Autos stocks climbed 1.1% while retail stocks fell over 2.1%. Novo Nordisk shares were up more than 3%. H&M meanwhile plunged more than 12%.

ASIA

Asia Pacific markets fell ahead of the rate decision from the Fed, and as investors assessed a slew of economic data from across the region. Mainland Chinese stocks fell to a five-year low while Australian stocks smashed all-time records on Wednesday.

Index	Close	% Daily	% M	YTD	Futures	% Change
DJIA	38150.30	-0.82	1.22	1.22	38312.00	0.08
S&P	4845.65	-1.61	1.59	1.59	4879.75	0.19
Nasdaq	15164.01	-2.23	1.02	1.02	17298.25	0.33
DJ EuroStoxx50	4648.40	-0.31	2.81	2.81	4655.00	-0.21
FTSE 100	7630.57	-0.47	-1.33	-1.33	7596.00	-0.43
CAC 40	7656.75	-0.27	1.51	1.51	N/A Real Tim	N/A
DAX	16903.76	-0.40	0.91	0.91	16938.00	-0.32
IBEX 35	10077.70	0.38	-0.24	-0.24	N/A Real Tim	N/A
FTSE MIB	30744.24	0.40	1.29	1.29	30926.00	N/A
Nikkei	36011.46	-0.76	7.61	7.61	35920.00	-1.24
Hang Seng	15485.07	0.29	-8.90	-8.90	15765.00	#N/A N/A
DFM General	4169.08	0.62	3.33	3.33	N/A	N/A
MSCI Tadawoul	11796.63	-1.58	-2.00	-1.43	N/A	N/A

Leb. Mrkts	Closing Px	High	Low	% Daily	% Weekly	YTD
Solidere A	90.60	92.00	78.10	9.82	22.52	1.68
Solidere B	91.10	94.00	78.00	9.17	23.11	1.28

MUST READ

(Source: Bloomberg/ Forexlive)

The Chinese are piling into gold

China is on a bullion binge. Investors, households, and central banks are all piling into gold, a safe haven asset, as the country's stock market and property sector continue to gyrate, the Financial Times initially reported. According to a quarterly report from the World Gold Council (WGC), China's investment in gold bars and coins grew 28% to 280 tonnes in 2023. In the global jewelry market, China accounted for a 17% increase in demand for gold. If you look at the gold market globally, demand has been falling: the WGC saw demand slip 5% to 4,448 tonnes in 2023 after a strong 2022. But China seems to be going the other way, with both individuals and the government itself purchasing the precious metal. Chinese central banks have continued their gold-buying spree, helping gold prices surge past the key \$2,000 per ounce mark. "Gold's attractiveness was further boosted by the increasing need of households to preserve value: the local gold price's outstanding performance drew their attention when the currency and other Chinese assets weakened," a separate January WGC report found. The rush toward the safe haven asset marks the uncertainty around China's financial health. China's market mayhem has dragged the benchmark CSI 300 stock index down 5% this month alone and 23% over the past year.

MAIN WEEKLY EARNINGS

Company	Ticker	Market Cap	Date	Time	Estimate	Year Ago
Altria Group Inc	MO US	\$ 70.96B	01-Feb-24	Pre-mkt	1.16	1.18
Merck & Co Inc	MRK US	\$ 306.06B	01-Feb-24	Pre-mkt	-0.10	1.62
Amazon.com Inc	AMZN US	\$ 1.60T	01-Feb-24	Aft-mkt	1.02	0.75
Apple Inc	AAPL US	\$ 2.85T	01-Feb-24	Aft-mkt	2.11	1.88
Meta Platforms Ir	META US	\$ 1.00T	01-Feb-24	Aft-mkt	5.05	1.76

ECONOMIC CALENDAR

(01-02-24) UK - Bank of England Rate
(01-02-24) US - Initial Jobless Claims
(01-02-24) US - S&P Global US Manufacturing PMI
(02-02-24) FR - Industrial Production MoM
(02-02-24) US - Change in Nonfarm Payrolls
(02-02-24) US - Unemployment Rate
(02-02-24) US - U. of Mich. Sentiment

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