

Daily Market Brief

July 2nd 2024



FOREIGN EXCHANGE MARKETS

(Sources: Bloomberg / Reuters)

EUR/USD

EUR/USD clipped into a fresh multi-week high above 1.0770 on Monday before getting forced back down by a broad-market reversal in investor sentiment. Bullish momentum was cut short after US activity figures flashed warning signs of a steepening economic downturn. Investors will be buckling down for the wait to key economic figures on both sides of the Atlantic throughout the week, culminating in a fresh print of US NFP slated for Friday.

GBP/USD

The GBP/USD pair extends its sideways consolidative price move during the Asian session on Tuesday and remains confined in a familiar range held over the past two weeks or so. Spot prices currently trade around the 1.2655-1.2645 confluence region – comprising 50-day and 100-day Simple Moving Averages (SMAs) – amid the anxiety surrounding the upcoming UK general elections on Thursday.

USD/JPY

The USD/JPY pair extends upside near 161.45 on Tuesday during the early Asian trading hours. The modest recovery of the Greenback provides some support to the pair. However, there are expectations that Japanese authorities could soon intervene in the foreign exchange market to prevent the JPY from depreciating. The US ISM Manufacturing PMI was weaker than expected, declining to 48.5 in June from 48.7 in May.

Fx rates	Last	High	Low	% Daily	% Weekly	% YTD
EUR-USD	1.0734	1.0741	1.0727	-0.06	0.19	-2.76
GBP-USD	1.2638	1.2654	1.2631	-0.09	-0.38	-0.73
USD-JPY	161.72	161.74	161.41	0.16	-1.25	-12.79
USD-CHF	0.9040	0.9041	0.9025	0.14	-1.03	-6.92
Commodities	Last	High	Low	% Daily	% Weekly	% YTD
Gold	2331.26	2334.39	2324.99	-0.03	0.50	13.00
Silver	29.42	29.48	29.27	-0.09	1.77	23.65
Crude Oil	83.58	83.61	83.37	0.24	3.40	16.59
Bitcoin	62885.06	63248.41	62726.37	-0.56	2.39	47.94
Etherium	3450.29	3466.47	3424.70	-0.38	0.32	51.17
Period	1 M	3 M	12 M			
EURIBOR	3.63	3.71	3.58			
SOFR	5.33	5.32	5.03			
US Fed Fund Rate (Indicator)	5.31					
Notes/Bonds	2 Y	10 Y	30 Y			
US	4.76	4.45	4.61			
BTP - BUND	0.62	1.50	1.85			
GILTS	4.20	4.28	4.78			

INTERNATIONAL EQUITY MARKETS

(Sources: Bloomberg / Reuters)

UNITED STATES OF AMERICA

Stocks were higher Monday with the Nasdaq Composite closing at a record, as Wall Street looked to maintain the strong momentum seen in the first half of 2024. U.S. Treasury yields rose, with the rate on the benchmark 10-year note climbing nearly 13 basis points to 4.471%. The 2-year Treasury yield rose 4 basis points to 4.762%.

EUROPE

European stocks ended the first day of the new trading week higher, as regional investors took in the results of the first round of France's snap parliamentary election. Inflation in Germany fell in five key states in June.

ASIA

Asia-Pacific markets started the second half of the year on a positive note as investors assessed June business activity data from China as well as Japan's business confidence readings. On Monday, Japan revised its first-quarter GDP contraction to 2.9% year on year, from 1.8% reported earlier. GDP data for the third and fourth quarters of 2023 were also revised downward.

Index	Close	% Daily	% M	YTD	Futures	3D % Change
DJIA	39169.52	0.13	1.25	3.93	39463.00	-0.02
S&P	5475.09	0.27	3.74	14.79	5525.75	0.08
Nasdaq	17879.30	0.83	6.84	19.11	20007.25	0.41
DJ EuroStoxx50	4929.99	0.73	-1.08	9.04	4969.00	0.87
FTSE 100	8166.76	0.03	-1.31	5.61	8191.50	-0.26
CAC 40	7561.13	1.09	-5.40	0.24	7559.50	0.90
DAX	18290.66	0.30	-1.12	9.19	18464.00	0.33
IBEX 35	11057.00	1.04	-2.34	9.45	11026.00	1.38
FTSE MIB	33716.54	1.70	-2.25	11.09	33927.00	1.68
Nikkei	39631.06	1.11	4.11	19.74	40080.00	1.26
Hang Seng	17718.61	0.56	-1.45	4.52	17733.00	#N/A N/A
DFM General	4057.04	0.67	1.99	-0.07	N/A	N/A
MSCI Tadawoul	11658.53	-0.18	0.29	-2.58	N/A	N/A
Leb. Mrkts	Closing Px	High	Low	% Daily	% Weekly	YTD
Solidere A	69.55	69.90	69.05	0.72	-0.57	-21.94
Solidere B	69.00	69.00	69.00	0.00	-0.07	-23.29

MUST READ

(Source: Bloomberg/ Forexlive)

Japan's fin min affirms FX vigilance but avoids intervention warning

Japan's finance minister said on Tuesday authorities were vigilant to sharp currency market moves, as the yen continued its slump to fresh 38-year lows against the dollar, but stopped short of giving a clear intervention warning. Suzuki did say there has been no change in the government's stance, the absence of usual comments on the readiness to intervene marked a break in what had become almost routine for officials. Yujiro Goto, managing director & chief FX strategist at Nomura, said the official comments on Tuesday pointed to a slight change in tone. The yen sank to 161.72 per dollar late Monday, its weakest level since 1986, keeping markets on heightened alert for any signs of yen-buying operations from Tokyo to prop up the currency. It has already fallen more than 12% this year as it continues to be weighed down by stark interest rate differentials between the U.S. and Japan. Japanese authorities, including Suzuki and top currency diplomat Masato Kanda, escalated their warnings last week when the yen fell past 160 to the dollar, the latest line in the sand traders had drawn for Japan to intervene in the markets. Suzuki last week said authorities were "deeply concerned" about the impact of "rapid and one-sided" foreign exchange moves on the economy and would respond appropriately to excessive currency moves. Suzuki, when asked about the effectiveness of verbal interventions, said in Tuesday's conference that his comments on foreign exchange are generally in response to questions from reporters. A weaker yen is a boon for Japanese exporters, but a headache for policymakers as it increases import costs, adds to inflationary pressures and squeezes households.

MAIN WEEKLY EARNINGS

Company	Ticker	Market Cap	Date	Time	Estimate	Year Ago
Radius Recycling I	RDUS US	\$ 427.8M	02-Jul-24	Pre-mkt	-1.10	0.14
MSC Industrial Dir	MSM US	\$ 4.40B	02-Jul-24	Pre-mkt	1.34	1.45
Simulations Plus I	SLP US	\$ 922.9M	02-Jul-24	Aft-mkt	0.15	0.20
Constellation Brar	STZ US	\$ 46.74B	03-Jul-24	Pre-mkt	3.47	2.91
Greenbrier Comp	GBX US	\$ 1.53B	08-Jul-24	Pre-mkt	1.14	0.63

ECONOMIC CALENDAR

(02-07-24) EA - CPI MoM / CPI Core YoY
(02-07-24) US - JOLTS Job Openings
(03-07-24) FR - HCOB France Services PMI
(03-07-24) US - ADP Employment Change
(03-07-24) US - S&P Global US Services PMI
(03-07-24) US - Factory Orders
(03-07-24) US - Durable Goods Orders

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