

Daily Market Brief

June 3rd 2024



FOREIGN EXCHANGE MARKETS

(Sources: Bloomberg / Reuters)

EUR/USD

The EUR/USD pair extends the upside around 1.0850 on Monday during the early Asian session. The cooler US PCE inflation data and the better-than-expected Eurozone HICP inflation data provide some support for the major pair. The US ISM Manufacturing PMI for May will take center stage on Monday ahead of the European Central Bank interest rate decision on Wednesday. The ECB is widely expected to cut the rate on Thursday.

GBP/USD

The GBP/USD pair kicks off the new week on a subdued note and oscillates in a narrow band, around mid-1.2700s during the Asian session. The downside, meanwhile, remains cushioned in the wake of a modest USD weakness, weighed down by signs of easing inflationary pressures in the US. The UK political uncertainty keeps a lid on any meaningful upside for the GBP. Traders now look forward to the release of the US ISM PMI for a fresh impetus.

USD/JPY

USD/JPY is likely to remain underpinned as the Bank of Japan has few options for sustainably strengthening the Yen. Direct intervention is only a quick fix and needs support from higher interest rates to work sustainably. The pair is likely to be a Dollar-affair with any declines resulting more from USD weakness rather than JPY strength.

Fx rates	Last	High	Low	% Daily	% Weekly	% YTD
EUR-USD	1.0849	1.0859	1.0844	0.01	-0.09	-1.72
GBP-USD	1.2738	1.2756	1.2724	-0.03	-0.24	0.06
USD-JPY	157.44	157.47	157.00	0.08	-0.36	-10.42
USD-CHF	0.9014	0.9045	0.9005	-0.10	1.36	-6.66
Commodities	Last	High	Low	% Daily	% Weekly	% YTD
Gold	2318.29	2331.07	2318.25	-0.39	-1.39	12.38
Silver	29.96	30.64	29.91	-1.48	-5.29	25.89
Crude Oil	76.76	77.52	76.39	-0.30	-1.24	6.66
Bitcoin	68712.31	68740.57	67587.02	1.35	1.93	61.65
Etherium	3817.16	3828.45	3759.48	0.84	1.80	67.25
Period	1 M		3 M		12 M	
EURIBOR	3.72		3.79		3.71	
SOFR	5.33		5.34		5.20	
US Fed Fund Rate (Indicator)			5.31			
Notes/Bonds	2 Y		10 Y		30 Y	
US	4.88		4.49		4.63	
BTP - BUND	0.48		1.31		1.70	
GILTS	4.41		4.32		4.76	

INTERNATIONAL EQUITY MARKETS

(Sources: Bloomberg / Reuters)

UNITED STATES OF AMERICA

The Dow Jones Industrial Average jumped Friday for its best session of the year, as investors wrapped up a strong month after the Federal Reserve's preferred inflation measure came in largely around expectations. Dell Technologies tumbled more than 17% despite strong earnings.

EUROPE

European stocks closed higher Friday as investors digested fresh euro zone inflation data and its implications for next week's European Central Bank rate decision. Euro zone inflation rose to 2.6% in May, slightly higher than the 2.5% analysts had predicted.

ASIA

Asia-Pacific markets mostly rose on Friday as investors parsed data from major economies across the region. Japan's industrial output figures showed a surprise 0.1% fall in April from the previous month, against a Reuters poll forecast for a 0.9% rise. Another dataset showed core inflation in Japan's capital Tokyo rose 1.9% in May, in line with Reuters poll expectations.

Index	Close	% Daily	% M	YTD	Futures	% Change
DJIA	38686.32	1.51	0.03	2.64	38886.00	0.26
S&P	5277.51	0.80	2.92	10.64	5307.00	0.23
Nasdaq	16735.02	-0.01	3.58	11.48	18642.00	0.29
DJ EuroStoxx50	4983.67	0.03	1.26	10.22	5035.00	0.98
FTSE 100	8275.38	0.54	0.75	7.01	8353.00	0.82
CAC 40	7992.87	0.18	0.44	5.96	7994.00	0.00
DAX	18497.94	0.01	2.76	10.42	18703.00	0.90
IBEX 35	11322.00	-0.14	4.31	12.08	11322.90	0.00
FTSE MIB	34492.41	0.13	2.57	13.64	34573.00	0.00
Nikkei	38487.90	1.29	1.95	16.49	38980.00	1.33
Hang Seng	18079.61	2.41	0.21	8.61	#N/A N/A	#N/A N/A
DFM General	3977.93	0.17	-3.98	-2.02	N/A	N/A
MSCI Tadawoul	11625.10	1.06	-5.89	-2.86	N/A	N/A
Leb. Mrkts	Closing Px	High	Low	% Daily	% Weekly	YTD
Solidere A	70.05	70.40	69.50	1.52	0.07	-21.38
Solidere B	69.70	72.00	69.05	0.94	-0.43	-22.51

MUST READ

(Source: Bloomberg/ Forexlive)

Japan confirms first currency intervention since 2022

Data from Japan's Ministry of Finance on Friday confirmed the country's first currency intervention since 2022, after the yen plunged to a 34-year-low in April. The ministry on Friday stated Japan spent 9.7885 trillion yen (\$62.25 billion) on currency intervention between April 26 and May 29, according to a Google-translated statement. This is the first time that the Japanese government has undertaken such a market measure since October 2022, according to ministry records. The timeline of the government step coincides with a sharp rebound in the Japanese currency in recent weeks, after the yen plunged to a 34-year-low of 160.03 against the U.S. dollar on April 29. It later bounced to 156 levels later in that session, heating speculation of a potential intervention by Japanese authorities. The currency further strengthened by more than 2% within days. At the time, analysts at Bank of America Global Research estimated that the size of the first suspected intervention could have been between 5 trillion yen and 6 trillion yen, based on Bank of Japan data. The yen has been combating sustained pressure since the Bank of Japan ended its monetary policy of negative interest rates in March. It traded at 157.25 against the U.S. dollar at 11:55 a.m. London time on Friday. Earlier this month, Japanese Finance Minister Shunichi Suzuki backed the need for interventions, if sharp currency moves started to impact households and companies. He declined to comment at the time when asked whether the ministry had stepped in to prop up the yen. "When there is an excessive movement, it may be necessary to smooth it out," Suzuki told CNBC's Dan Murphy on May 3.

MAIN WEEKLY EARNINGS

Company	Ticker	Market Cap	Date	Time	Estimate	Year Ago
Science Applicatic	SAIC US	\$ 6.90B	03-Jun-24	Pre-mkt	1.93	2.14
Gitlab Inc	GTLB US	\$ 7.49B	03-Jun-24	Aft-mkt	-0.04	-0.06
Bath & Body Worl	BBWI US	\$ 11.62B	04-Jun-24	Pre-mkt	0.33	0.33
Core & Main Inc	CNM US	\$ 11.59B	04-Jun-24	Pre-mkt	0.52	0.50
Ferguson PLC	FERG US	\$ 41.53B	04-Jun-24	Pre-mkt	2.30	2.20

ECONOMIC CALENDAR

(03-06-24) US - S&P Global US Manufacturing PMI
(03-06-24) US - Construction Spending MoM
(03-06-24) DE - Unemployment Change (000's)
(04-06-24) US - JOLTS Job Openings
(04-06-24) US - Durable Goods Orders
(05-06-24) FR - Industrial Production YoY / MoM
(05-06-24) US - ADP Employment Change

CONTACT

Banque BEMO sal
Asset Management Unit

Ashrafieh, Elias Sarkis Ave., BEMO Bldg, 4th Floor
P.O.Box 16-6353 Beirut, Lebanon
Tel: +961 1 325405/6/7/9

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