

FOREIGN EXCHANGE MARKETS

(Sources: Bloomberg / Forexlive)

EURUSD

The EUR/USD witnessed a dramatic turnaround and retreated around 130 pips from the vicinity of the 1.0300 mark, or a four-week high touched on Tuesday. The US dollar made a solid comeback from its lowest level since July 5 and turned out to be a key factor that exerted heavy downward pressure on the major. Against the backdrop of growing recession fears, mounting diplomatic tensions over US House Speaker Nancy Pelosi's Taiwan visit tempered investors' appetite for perceived riskier assets.

GBPUSD

The pound's sharp rise versus the dollar was blunted on Tuesday by reduced risk appetite amid escalating US-China tensions over Taiwan. Investors are focused on the BoE policy meeting this week and a potential quickening of the central bank's interest rate hiking cycle to rein in runaway inflation without exacerbating an economic slowdown.

USDJPY

The yen biggest four-day run since 2020 has been halted on the back of rising geopolitical concerns in Asia and after the Fed Reserve officials reminding markets that they'll remain on course to raise rates to curb inflation.

Fx rates	Last	High	Low	% Daily	%Weekly	% YTD
EUR-USD	1.0179	1.0194	1.0150	0.13	-0.21	-10.47
GBP-USD	1.2173	1.2194	1.2135	0.02	0.12	-10.04
USD-JPY	133.03	133.9000	132.2900	-0.11	2.66	-13.49
USD-CHF	0.9558	0.9591	0.9543	-0.14	0.42	-4.49

Commodities	Last	High	Low	% Daily	%Weekly	% YTD
Gold	1769.19	1769.97	1754.99	0.50	2.02	-3.28
Silver	20.02	20.04	19.78	0.23	4.91	-14.09
Crude Oil	94.31	94.75	93.45	-0.12	-3.03	31.79
Bitcoin	22928.59	23150.83	22693.92	-0.44	-4.27	-50.51
Etherium	1627.46	1660.45	1590.72	-1.49	-6.10	-55.88

Period	1 M	3 M	12 M
USD LIBOR	2.37	2.80	3.74
EURIBOR	-0.06	0.25	0.94

Notes/Bonds	2 Y	10 Y	30 Y
US	3.02	2.71	2.98

INTERNATIONAL EQUITY MARKETS

(Sources: Bloomberg / Reuters)

UNITED STATES OF AMERICA

Wallstreet ended lower after a choppy session on Tuesday, with geopolitical tensions flaring after U.S. House of Representatives Speaker Nancy Pelosi visited Taiwan. Caterpillar falls after missing sales estimates. Uber surges after reporting positive cash flow.

EUROPE

European shares fell on Tuesday as weak global factory data fanned economic slowdown fears, while markets were jittery on simmering U.S.-China tensions over Taiwan. BP boosts dividend after profit hits 14-year high. Semiconductor stocks down.

ASIA

China shares were little changed on Wednesday after posting sharp losses in the previous session, as cautious investors monitored developments around Sino-U.S. tensions following House Speaker Nancy Pelosi's visit to Taiwan.

Index	Close	% Daily	% M	YTD	Futures	% Change
DJIA	32396.17	-1.23	4.18	-10.85	32483.00	0.36
S&P	4091.19	-0.67	6.95	-14.16	4105.25	0.28
Nasdaq	12348.76	-0.16	10.97	-21.07	12946.25	0.16
DJ EuroStoxx50	3684.63	-0.59	6.85	-14.28	3681.00	-0.11
FTSE 100	7409.11	-0.06	3.35	0.33	7354.00	-0.22
CAC 40	6409.80	-0.42	8.07	-10.39	6409.00	N/A
DAX	13449.20	-0.23	4.97	-15.33	13439.00	-0.05
IBEX 35	8096.90	0.15	-0.97	-7.08	8106.60	N/A
FTSE MIB	22351.02	-0.35	4.67	-18.27	22343.00	N/A
Nikkei	27594.73	0.45	6.88	-3.72	27710.00	0.14
Hang Seng	19689.21	0.52	-9.47	-15.42	19752.00	0.83
DFM General	3347.93	-0.86	4.56	4.76	N/A	N/A
MSCI Tadawoul	12310.63	-0.23	7.38	9.12	N/A	N/A

Leb. Mrkts	Closing Px	High	Low	% Daily	% Weekly	YTD
Solidere A	60.70	60.90	59.25	1.17	0.75	85.91
Solidere B	59.75	59.80	58.30	0.67	-1.48	79.32

MUST READ

(Source: Bloomberg/ Forexlive)

How Do Rate Hikes Affect The Economy?

Higher interest rates increase the cost of doing business for companies and the cost of borrowing for consumers. This means that companies generally cut back on investment which means fewer new jobs and more retrenchments. This leads to less discretionary income for individuals which results in less aggregate demand in the economy, and hence to overall lower GDP levels.

Which Sectors Perform Well During a Rate Hiking Cycle?

- The Financial sector like banks as they earn higher margins on loans.
- Energy stocks when rising inflation leads to IR hikes, and particularly if inflation is caused by supply issues, such as gas or oil shortages.
- Utilities and Healthcare as they aren't as sensitive to rate hikes and therefore become more defensive than other sectors due to more reliable cash flows.

Which Sectors Underperform During a Rate Hiking Cycle?

- Real Estates as mortgage rates rise, borrowers need to pay more to borrow.
- Consumer Discretionary, Industrials and Materials are also negatively affected when rates rise quickly as spending typically falls.
- The valuations of growth stocks trading on high PE and when it is based on future profits as these future profits are worth less today.
- Bond Prices as the lower interest rate on the issued bonds would make these bonds look less attractive relatively to the higher IR on other instruments.

MAIN WEEKLY EARNINGS

(Source: Nasdaq)

Company	Ticker	Market Cap	Date	Time	Estimate	Year Ago
Moderna	MRNA US	\$ 65 B	03-Aug-22	Pre-mkt	4.50	6.46
Regeneron	REGN US	\$ 64.3 B	03-Aug-22	Pre-mkt	8.53	27.97
Fortinet	FTNT US	\$ 48.2 B	03-Aug-22	After-mkt	0.15	0.14
Exelon	EXC US	\$ 43.1 B	03-Aug-22	Pre-mkt	0.46	0.89
Lucid	LCID US	\$ 32.8 B	03-Aug-22	After-mkt	-0.44	-11.38
ebay	EBAY US	\$ 26.1 B	03-Aug-22	After-mkt	0.70	0.82
Horizon Th.	HZNP US	\$ 19 B	03-Aug-22	Pre-mkt	1.34	1.62
Western Union	WU US	\$ 6.53 B	03-Aug-22	After-mkt	0.41	0.48
Under Armour	UAA US	\$ 4 B	03-Aug-22	Pre-mkt	0.04	0.23
Alibaba	BABA US	\$ 312.3 B	04-Aug-22	Pre-mkt	0.83	2.16

ECONOMIC CALENDER

(Source: Forexlive)

- DE- Trade Balance JUN
- IT- S&P Global Services PMI Final JUL
- DE- S&P Global/BME Composite PMI Final JUL
- GB- S&P Global/CIPS Composite PMI Final JUL
- EA- Retail Sales JUN
- US- ISM Services PMI JUL

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