

Daily Market Brief

February 5th 2024



FOREIGN EXCHANGE MARKETS

(Sources: Bloomberg / Reuters)

EUR/USD

The EUR/USD pair faces some selling pressure above the mid-1.0700s during the early Asian trading hours on Monday. The US Dollar Index (DXY) edges higher as the Federal Reserve (Fed) Chair Jerome Powell pushed back on the timing of rate cuts. European Central Bank (ECB) Governing Council member Boris Vujcic said on Sunday that the central bank needs to ensure there aren't any second-round effects on inflation from wages before cutting interest rates.

GBP/USD

GBP/USD continues its decline for the second consecutive session, edging lower to around 1.2610 during the Asian trading hours on Monday. The Pound Sterling (GBP) faces challenges as the US Dollar (USD), measured by the US Dollar Index (DXY), reaches an eight-week high. This strength in the USD is fueled by positive market sentiment as a March rate cut by the Federal Reserve appears unlikely.

USD/JPY

The USD/JPY bounces from around the 146.00 handle and prints a new high at 148.05 after a strong US Nonfarm Payrolls report pushed aside Federal Reserve's rate cut speculations amongst the investment community. Anticipation of BoJ ending negative rates complicates USD/JPY outlook, eyes on March meeting.

Fx rates	Last	High	Low	% Daily	% Weekly	% YTD
EUR-USD	1.0781	1.0788	1.0767	-0.06	-0.48	-2.34
GBP-USD	1.2613	1.2640	1.2599	-0.14	-0.76	-0.93
USD-JPY	148.28	148.82	148.27	-0.07	-0.53	-4.88
USD-CHF	0.8678	0.8687	0.8645	0.12	-0.75	-3.04
Commodities	Last	High	Low	% Daily	% Weekly	% YTD
Gold	2030.34	2042.33	2027.00	-0.46	-0.14	-1.58
Silver	22.55	22.72	22.51	-0.63	-2.82	-5.24
Crude Oil	72.49	72.98	72.16	0.29	-5.59	0.90
Bitcoin	42723.48	42866.29	42245.58	-0.09	0.62	0.51
Etherium	2294.60	2301.35	2268.13	-0.21	0.75	0.54
Period	1 M		3 M			12 M
EURIBOR	3.86		3.90			3.54
SOFR	5.32		5.29			4.69
Notes/Bonds	2 Y		10 Y			30 Y
US	4.42		4.06			4.25
BTP - BUND	0.63		1.58			2.01
GILTS	4.42		3.92			4.55

INTERNATIONAL EQUITY MARKETS

(Sources: Bloomberg / Reuters)

UNITED STATES OF AMERICA

The S&P 500 notched a fresh record high on Friday as quarterly results from technology companies including Facebook-parent Meta topped expectations and the January jobs report came in much better than expected. The benchmark 10-year Treasury yield jumped a whopping 17 basis points after the government reported the U.S. economy added 353,000 jobs in January. The report also included inflationary data in the form of greater-than-expected wage growth.

EUROPE

The European stocks rally of Friday lost momentum by the middle of the afternoon, after the January nonfarm payrolls report showed the U.S. labor market remained surprisingly strong. On earnings, Friday was relatively quieter than the earlier day with Spain's CaixaBank among the biggest names reporting.

ASIA

South Korea's Kospi led gains in Asia-Pacific markets on Friday after Wall Street rebounded from the sell-off earlier this week, but China's CSI 300 hit a new five-year low. In Australia, the S&P/ASX 200 rose 1.47%, after its fourth-quarter producer price index rose at a faster pace of 4.1% year on year.

Index	Close	% Daily	% M	YTD	Futures	% Change
DJIA	38654.42	0.35	3.17	2.56	38691.00	-0.19
S&P	4958.61	1.07	5.56	3.96	4971.25	-0.19
Nasdaq	15628.95	1.74	7.61	4.11	17698.50	-0.21
DJ EuroStoxx50	4654.55	0.34	4.28	2.94	4675.00	0.09
FTSE 100	7615.54	-0.09	-0.96	-1.52	7604.00	0.15
CAC 40	7592.26	0.05	2.31	0.65	7604.00	N/A
DAX	16918.21	0.35	1.95	0.99	16995.00	-0.04
IBEX 35	10062.50	0.48	-1.00	-0.39	10077.80	N/A
FTSE MIB	30717.95	0.09	0.91	1.21	30868.00	N/A
Nikkei	36354.16	0.54	8.92	8.64	36380.00	0.72
Hang Seng	15533.56	0.17	-5.90	-8.73	15604.00	0.26
DFM General	4228.74	0.09	3.53	4.25	N/A	N/A
MSCI Tadawoul	11962.72	0.41	-1.50	-0.04	N/A	N/A

Leb. Mrkts	Closing Px	High	Low	% Daily	% Weekly	YTD
Solidere A	85.80	87.50	84.00	1.18	7.12	-3.70
Solidere B	88.05	89.00	85.00	0.51	11.81	-2.11

MUST READ

(Source: Bloomberg/ Forexlive)

US regional bank stocks steady after brutal sell-off

U.S. regional bank stocks recovered slightly on Friday after a two-day plunge sparked by investor concerns that New York Community Bancorp's (NYCB.N), opens new tab dismal earnings signaled broader problems in the sector. The KBW Regional Banking Index (.KRX), opens new tab gained 0.2%, snapping a three-day losing streak. NYCB shares rose 5% on Friday after sinking 45% over the past two sessions. On Wednesday, the lender cut its dividend and posted a surprise loss on commercial real estate (CRE) loans. Fitch on Friday downgraded the Long-Term Issuer Default Ratings (IDRs) for the lender and its subsidiary Flagstar Bank to BBB- from BBB, citing the CRE loan impairment and increase in loan loss provisions. Its ratings outlook on NYCB is negative. "Additionally, actions, including higher levels of on-balance sheet liquidity requiring higher wholesale funding, will also negatively affect the bank's profitability in 2024," the ratings agency added. Raymond James analysts who participated in a webinar hosted with NYCB's management "came away comforted" by the bank's steady deposits, the analysts wrote in a note on Friday. "Given deposit stability, the recent reserve build, still strong capital, and proactive cooperation by management to achieve new regulatory requirements, we believe the stock appears attractive for more aggressive investors with a longer term view," the brokerage said. Shares of Valley National Bancorp (VLY.O), opens new tab, M&T Bank (MTB.N), opens new tab and some other mid-size lenders also rose on Friday, boosting the view among some investors that NYCB's problems and broader stock declines would be limited.

MAIN WEEKLY EARNINGS

Company	Ticker	Market Cap	Date	Time	Estimate	Year Ago
McDonald's Corp	MCD US	\$ 215.46B	05-Feb-24	Pre-mkt	2.82	2.59
Caterpillar Inc	CAT US	\$ 160.41B	05-Feb-24	Pre-mkt	4.73	3.86
Estee Lauder	EL US	\$ 47.99B	05-Feb-24	Pre-mkt	0.55	1.54
Tyson Foods Inc	TSN US	\$ 20.08B	05-Feb-24	Pre-mkt	0.42	0.85
Palantir Technolo	PLTR US	\$ 37.04B	05-Feb-24	Aft-mkt	0.08	0.04

ECONOMIC CALENDAR

(05-02-24) FR - HCOB France Composite PMI
(05-02-24) US - S&P Global US Services PMI
(06-02-24) DE - Factory Orders MoM
(07-02-24) DE - Industrial Production SA MoM
(07-02-24) US - MBA Mortgage Applications
(07-02-24) US - Trade Balance
(08-02-24) US - Initial Jobless Claims

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

Disclaimer: This report is published for information purposes only. The information herein has been compiled from, or based upon sources we believe to be reliable, but we do not guarantee or accept responsibility for its completeness and accuracy. This document should not be construed as a solicitation to take part in any investment, or as constituting any representation or warranty on our part. The investment risks described herein are not purported to be exhaustive, any person considering an investment should seek independent advice on the suitability or otherwise of the particular investment. Investment, Capital Market and Treasury products are subject to Investment risk, including possible loss of principal amount invested. Past performance is not indicative of future results: prices can go up or down. Investors investing in investments and/or treasury products denominated in foreign (non-local) currency should be aware of the risk of exchange rate fluctuations that may cause loss of principal when foreign currency is converted to the investor's home currency. Client understands that it is his/her responsibility to seek legal and/or tax advice regarding the legal and tax consequences of his/her investment transactions. The consequences of any action taken on the basis of information contained herein are solely the responsibility of the recipient.