

Daily Market Brief

February 6th 2024



FOREIGN EXCHANGE MARKETS

(Sources: Bloomberg / Reuters)

EURUSD

The EUR/USD fell another half-percent on Monday, dragging the pair into 12-week lows near 1.0723 after EU economic data failed to inspire investor confidence. The OECD sees pan-European inflation holding above the European Central Bank's (ECB) 2% until sometime after 2025, hampering money market's expectations for rate cuts from the ECB, further suppressing upside potential in the Euro (EUR).

GBPUSD

The GBP/USD pair drops to the multi-week low of 1.2518 and rebounds to 1.2535 during the early Asian session on Tuesday. The expectations of an early Federal Reserve (Fed) interest rate cut fade, and this lifts the US Dollar (USD) across the board. Meanwhile, the US Dollar Index (DXY) holds above 104.40 after retracing from a yearly high of 104.60.

USDJPY

The (JPY) ticks higher during the Asian session on Tuesday, albeit lacks bullish conviction and languishes near the YTD low touched against its American counterpart the previous day. Persistent worries about geopolitical tensions stemming from conflicts in the Middle East and slowing economic growth in China, along with bets that the (Fed) might not cut interest rates as much as anticipated, weigh on investors' sentiment.

Fx rates	Last	High	Low	% Daily	% Weekly	% YTD
EUR-USD	1.0750	1.0754	1.0739	0.07	-0.88	-2.62
GBP-USD	1.2550	1.2557	1.2532	0.11	-1.18	-1.42
USD-JPY	148.40	148.78	148.36	-0.19	-0.53	-4.96
USD-CHF	0.8698	0.8708	0.8694	-0.10	-0.92	-3.27
Commodities	Last	High	Low	% Daily	% Weekly	% YTD
Gold	2027.65	2029.86	2023.56	0.13	-0.46	-1.71
Silver	22.42	22.47	22.30	0.28	-3.26	-5.79
Crude Oil	72.82	73.02	72.62	0.05	-6.43	1.36
Bitcoin	42637.99	42904.67	42288.79	0.70	-1.04	0.31
Etherium	2307.37	2326.96	2284.53	0.91	0.16	1.10
Period	1 M	3 M	12 M			
EURIBOR	3.86	3.90	3.54			
SOFR	5.32	5.32	4.86			
Notes/Bonds	2 Y	10 Y	30 Y			
US	4.43	4.12	4.31			
BTP - BUND	0.63	1.57	1.99			
GILTS	4.51	4.01	4.62			

INTERNATIONAL EQUITY MARKETS

(Sources: Bloomberg / Reuters)

UNITED STATES OF AMERICA

Wall Street's main indexes closed lower on Monday after Federal Reserve Chair Jerome Powell pushed back firmly against speculation that rate cuts would be imminent, while investors assessed a mixed bag of U.S. earnings reports. Caterpillar scales record high after upbeat results.

EUROPE

European shares closed lower on Monday, as government bond yields across the continent jumped on lower expectations about imminent interest rate cuts by major central banks, eclipsing gains brought by some upbeat corporate reports.

ASIA

Most Asian stocks fell on Tuesday as markets priced out early U.S. interest rate cuts and awaited cues from several regional central banks, while Chinese markets surged after reports showed that a sovereign fund vowed to conduct more buying.

Index	Close	% Daily	% M	YTD	Futures	% Change
DJIA	38380.12	-0.71	2.44	1.83	38442.00	-0.06
S&P	4942.81	-0.32	5.23	3.63	4964.25	0.05
Nasdaq	15597.68	-0.20	7.39	3.91	17731.50	0.19
DJ EuroStoxx50	4655.27	0.02	4.30	2.96	4686.00	0.43
FTSE 100	7612.86	-0.04	-1.00	-1.56	7609.00	0.33
CAC 40	7589.96	-0.03	2.28	0.62	7600.50	N/A
DAX	16904.06	-0.08	1.87	0.91	17023.00	0.29
IBEX 35	9941.30	-1.20	-2.20	-1.59	9947.90	N/A
FTSE MIB	30952.79	0.76	1.68	1.98	31074.00	N/A
Nikkei	36354.16	-0.53	8.34	8.06	36090.00	-0.74
Hang Seng	15510.01	3.77	-2.66	-5.59	16149.00	3.76
DFM General	4230.70	0.05	3.54	4.26	N/A	N/A
MSCI Tadawoul	12024.91	0.52	-0.99	0.48	N/A	N/A
Leb. Mrkts	Closing Px	High	Low	% Daily	% Weekly	YTD
Solidere A	84.15	90.00	82.65	-1.92	6.32	-5.56
Solidere B	88.05	88.05	88.05	0.00	14.65	-2.11

MUST READ

(Source: Bloomberg/ Forexlive)

Strong economy means Fed has time to study data before rate cuts

A resilient economy and a possibly higher neutral rate of interest means the U.S. Fed can take time, with less risk to an ongoing economic recovery, before deciding to reduce the benchmark interest rate, Neel Kashkari wrote. Inflation is making "rapid progress" towards the Fed's 2% target due to improvements in the supply of labor, goods and services, Kashkari said. While there may be some signs of economic weakness, he added, the overall story right now is one of continued growth and low unemployment -- not of an economy stressed by the impact of a high Fed policy rate. "These data lead me to question how much downward pressure monetary policy is currently placing," on the economy, even though high interest rates are helping keep inflation expectations in check, he said. "The current stance of monetary policy may not be as tight" as suspected. "The implication of this is that...it gives the Fed time to assess upcoming economic data before starting to lower the federal funds rate, with less risk that too-tight policy is going to derail the economic recovery," he said. The Fed at its policy meeting last week held interest rates steady. However, U.S. central bankers signaled they'd be ready to lower the benchmark rate after gaining more confidence inflation will continue to slow. Debate in coming weeks will center around whether incoming data help build more certainty about the path of inflation, and how the sorts of risk calculations Kashkari mentioned figure into the discussion.

MAIN WEEKLY EARNINGS

Company	Ticker	Market Cap	Date	Time	Estimate	Year Ago
Eli Lilly and Comp	LLY US	\$626.9 B	06-Feb-24	Pre-mkt	2.46	2.09
Toyota Motor Cor	TM US	\$278.5 B	06-Feb-24	After-mkt	3.66	3.78
Amgen Inc	AMGN US	\$173.6 B	06-Feb-24	After-mkt	4.65	4.09
Fortinet Inc	FTNT US	\$51.1 B	06-Feb-24	After-mkt	0.37	0.38
Ford Motor Comp	F US	\$48.4 B	06-Feb-24	After-mkt	0.13	0.51

ECONOMIC CALENDAR

(06-02-24) GB- BRC Like-For-Like Retail Sales YoY JAN
(06-02-24) JP- Labor Cash Earnings YoY DEC
(06-02-24) US- Fed's Harker speech
(06-02-24) AU- RBA Monetary Policy Statement
(06-02-24) AU- RBA Interest Rate Decision; RBA Press Conference
(06-02-24) DE- Factory Orders DEC
(06-02-24) EA- Retail Sales DEC

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