

Daily Market Brief

February 7th 2024



FOREIGN EXCHANGE MARKETS

(Sources: Bloomberg / Reuters)

EUR/USD

The EUR/USD pair bounces off the 2024 lows of 1.0720 and rebounds to 1.0760 on the renewed selling bias in the US Dollar (USD) during the early Asian session on Wednesday. The European Central Bank (ECB) policymaker Pablo Hernandez de Cos said on Tuesday that he is confident that inflation is coming back to its 2% target and that its next move will be cutting interest rates.

GBP/USD

The GBP/USD pair trades on a stronger note amid the US Dollar's (USD) weakness during the early Asian trading hours on Wednesday. The rebound of the major pair is supported by the softer Greenback and lower US Treasury bond yields. The Pound Sterling remains pressured after the US Federal Reserve Chair Jerome Powell's remarks suggest the Fed is in no rush to cut rates.

USD/JPY

Traders are still digesting the subtle hawkish tilt of the US Federal Reserve Chair Jerome Powell. Robust ISM Manufacturing and Non-Manufacturing PMIs, paints an upbeat economic outlook for the US, augmenting demand for the Greenback. On the Japanese front, even though the Bank of Japan (BoJ) has signaled that it would end its negative interest rate cycle, data supports the current ultra-loose monetary policy stance.

Fx rates	Last	High	Low	% Daily	% Weekly	% YTD
EUR-USD	1.0763	1.0767	1.0752	0.07	-0.51	-2.50
GBP-USD	1.2604	1.2613	1.2594	0.05	-0.66	-1.00
USD-JPY	148.04	148.06	147.71	0.07	-0.76	-4.73
USD-CHF	0.8696	0.8704	0.8692	-0.02	-0.94	-3.24
Commodities	Last	High	Low	% Daily	% Weekly	% YTD
Gold	2033.15	2036.55	2032.52	-0.15	-0.31	-1.45
Silver	22.29	22.45	22.25	-0.62	-2.93	-6.34
Crude Oil	73.43	73.72	73.31	0.16	-3.19	2.21
Bitcoin	42910.76	43213.19	42767.51	-0.59	-0.16	0.95
Etherium	2361.30	2389.67	2355.88	-0.81	2.86	3.46
Period	1 M	3 M	12 M			
EURIBOR	3.89	3.92	3.63			
SOFR	5.32	5.32	4.91			
Notes/Bonds	2 Y	10 Y	30 Y			
US	4.40	4.10	4.30			
BTP - BUND	0.64	1.56	1.98			
GILTS	4.47	3.95	4.55			

INTERNATIONAL EQUITY MARKETS

(Sources: Bloomberg / Reuters)

UNITED STATES OF AMERICA

The Dow Jones Industrial Average climbed on Tuesday as Wall Street assessed the latest batch of corporate earnings and the timeline for rates cuts from the Federal Reserve. Palantir Technologies surged 30% after the company posted a revenue beat in the fourth quarter, while Spotify Technology popped more than 4% after topping expectations and posting an increase in Premium subscribers.

EUROPE

European markets closed higher Tuesday, as investor confidence remained robust despite the lack of a clear timetable for interest rate cuts. BP finished the session up 5.7% after announcing plans to boost shareholder returns, even as it reported a sharp drop in full-year profits aligned with lower oil prices. Meanwhile, UBS fell 4.4%.

ASIA

Overnight, China and Hong Kong stocks jumped Tuesday as authorities in the world's second-largest economy took measures to arrest a recent sell-off in its equities, while most Asia-Pacific markets declined. In Japan, household spending dipped more than expected in December.

Index	Close	% Daily	% M	YTD	Futures	% Change
DJIA	38521.36	0.37	2.82	2.21	38622.00	0.02
S&P	4954.23	0.23	5.47	3.87	4973.75	-0.02
Nasdaq	15609.00	0.07	7.47	3.98	17645.25	-0.07
DJ EuroStoxx50	4690.87	0.76	5.09	3.75	4712.00	0.08
FTSE 100	7681.01	0.90	-0.11	-0.68	7673.00	0.12
CAC 40	7638.97	0.65	2.94	1.27	7649.00	N/A
DAX	17033.24	0.76	2.65	1.68	17124.00	-0.06
IBEX 35	10003.00	0.62	-1.59	-0.98	10023.70	N/A
FTSE MIB	31116.75	0.53	2.22	2.52	31251.00	N/A
Nikkei	36119.92	-0.11	8.22	7.94	36130.00	0.14
Hang Seng	16136.87	-0.39	-2.79	-5.71	16130.00	-0.37
DFM General	4153.74	0.44	2.06	2.77	N/A	N/A
MSCI Tadawoul	12071.41	0.39	-1.74	0.87	N/A	N/A

Leb. Mrkts	Closing Px	High	Low	% Daily	% Weekly	YTD
Solidere A	82.10	85.00	82.00	-2.44	-0.48	-7.86
Solidere B	88.85	89.00	82.30	0.91	6.47	-1.22

MUST READ

(Source: Bloomberg/ Forexlive)

Oil oversupply is keeping prices low, but the situation is about to flip

The oil market is about to do a 180, according to Occidental Petroleum's CEO, Vicki Hollub. The chief executive of the energy giant beloved by Warren Buffett pointed to the oversupply in the oil market as the main factor keeping a lid on prices. Global oil demand growth is expected to ease in 2024, according to the International Energy Agency. Meanwhile, the world's oil supply is expected to rise to a record 103.5 million barrels a day this year. That kind of supply-demand mismatch has helped push prices lower in recent months, but the dynamic is about to be flipped on its head, Hollub warned, with undersupply set to be the dominant theme over the coming years. "All the big fields have been found. So, if you take the 20 largest fields in the world, 97% of the volume from those was discovered before 2000. So we're in a situation now where in a couple years' time, we're going to be very short on supply, so the situation is going to flip," Hollub warned. OPEC+ has been trying to boost prices via supply cuts, and recently, Saudi Arabia's energy minister brushed off falling oil prices as a "ploy" driven by market speculators, who are merely pretending demand is weaker than supply. The oil cartel has slashed its output repeatedly to get control of global crude prices, and has vowed to slash its production by 2.2 million barrels a day this quarter. "What OPEC has tried to do is balance the markets," Hollub said. Effects of OPEC cuts have been muted so far due to booming production elsewhere, particularly in the US, which churned out a record volume of oil in 2023.

MAIN WEEKLY EARNINGS

Company	Ticker	Market Cap	Date	Time	Estimate	Year Ago
Allstate	ALL US	\$ 41.18B	07-Feb-24	Pre-mkt	3.93	-1.36
PayPal Holdings	PYPL US	\$ 68.69B	07-Feb-24	Aft-mkt	1.36	1.24
GoPro Inc	GPRO US	\$ 454.6M	07-Feb-24	Aft-mkt	0.02	0.12
Walt Disney	DIS US	\$ 182.13B	07-Feb-24	Aft-mkt	1.01	0.99
Thomson Reuters	TRI US	\$ 67.61B	08-Feb-24	Pre-mkt	0.92	0.76

ECONOMIC CALENDAR

(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
(09-02-24) DE - CPI YoY / MoM
(09-02-24) CA - Net Change in Employment
(09-02-24) CA - Unemployment Rate

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