

Daily Market Brief

June 7th 2024



FOREIGN EXCHANGE MARKETS

(Sources: Bloomberg / Reuters)

EUR/USD

EUR/USD pushed back into near-term highs on Thursday, easing below 1.0870 in early market action before recovering ground and re-pinning into familiar technical levels just below 1.0900 to close out the US market session. The ECB delivered a hotly-anticipated quarter-point rate cut this week, but according to sources within the ECB, it is unlikely that ECB policymakers will be delivering a follow-up cut in July as many investors had widely expected.

GBP/USD

The GBP/USD pair trades in positive territory for the third consecutive day around 1.2795 during the early Asian session on Friday. In the absence of key UK economic data releases, the GBP/USD pair will be influenced by the USD. All eyes will be on the US Nonfarm Payrolls (NFP) data for May, which is due later on Friday. Traders raised their bets that the US Fed would cut interest rates later this year, dragging the USD and bond yields lower.

USD/JPY

The USD/JPY registered modest losses of 0.30% on Thursday, as the Greenback remains on the backfoot ahead of crucial US jobs data on Friday. Nevertheless, a soft US JOLTS report, followed by ADP Employment Change missing estimates, could be a prelude to May's Nonfarm Payrolls report. Therefore, the major remained pressured and traded at 155.60 after hitting a high of 156.44.

Fx rates	Last	High	Low	% Daily	% Weekly	% YTD
EUR-USD	1.0888	1.0898	1.0887	-0.02	0.37	-1.37
GBP-USD	1.2785	1.2794	1.2782	-0.05	0.34	0.42
USD-JPY	155.34	155.94	155.33	-0.17	1.27	-9.21
USD-CHF	0.8898	0.8906	0.8892	0.06	1.40	-5.44
Commodities	Last	High	Low	% Daily	% Weekly	% YTD
Gold	2375.61	2387.76	2369.50	-0.02	2.07	15.15
Silver	31.16	31.55	31.07	-0.51	2.49	30.97
Crude Oil	75.65	75.89	75.41	0.13	-1.74	5.11
Bitcoin	71244.59	71429.70	70642.29	0.79	5.09	67.60
Etherium	3815.04	3825.00	3792.11	0.43	0.79	67.16
Period	1 M	3 M	12 M			
EURIBOR	3.68	3.75	3.69			
SOFR	5.33	5.33	5.09			
US Fed Fund Rate (Indicator)	5.31					
Notes/Bonds	2 Y	10 Y	30 Y			
US	4.74	4.30	4.44			
BTP - BUND	0.49	1.32	1.72			
GILTS	4.33	4.17	4.61			

INTERNATIONAL EQUITY MARKETS

(Sources: Bloomberg / Reuters)

UNITED STATES OF AMERICA

The S&P 500 ended Thursday marginally lower, retreating from a record, while traders awaited a key U.S. economic report. Wall Street is looking ahead to Friday's nonfarm payrolls report for May, with investors on the hunt for signs of a weakening labor market, which could support rate cuts from the Fed.

EUROPE

The European Central Bank on Thursday confirmed a widely anticipated reduction in interest rates at its meeting, despite lingering inflationary pressures in the 20-nation euro zone. Markets have only fully priced one further reduction this year, but economists polled by Reuters last week forecast two more cuts taking place over the period.

ASIA

Asian stocks rose at the open on Friday as Wall Street wavered ahead of a key US jobs reading that's likely to guide the Federal Reserve's policy outlook. Australian and South Korean stocks rose and equities in Japan were steady, while futures in Hong Kong pointed higher.

Index	Close	% Daily	% M	YTD	Futures	% Change
DJIA	38886.17	0.20	0.00	3.17	39020.00	0.17
S&P	5352.96	-0.02	3.19	12.23	5369.00	0.10
Nasdaq	17173.12	-0.09	5.15	14.40	19086.50	0.15
DJ EuroStoxx50	5069.09	0.66	1.06	12.11	5072.00	-0.04
FTSE 100	8285.34	0.47	-0.34	7.14	8313.50	0.19
CAC 40	8040.12	0.42	-0.44	6.59	8035.50	-0.05
DAX	18652.67	0.41	1.21	11.35	18657.00	-0.12
IBEX 35	11444.00	0.80	3.28	13.28	11449.50	0.00
FTSE MIB	34834.30	0.95	1.73	14.77	34894.00	0.00
Nikkei	38703.51	-0.20	-0.54	15.43	38630.00	-0.36
Hang Seng	18476.80	-0.86	-0.87	7.46	18242.00	-0.97
DFM General	3978.75	-0.04	-4.27	-2.00	N/A	N/A
MSCI Tadawoul	11560.39	0.06	-6.45	-3.40	N/A	N/A

Leb. Mrkts	Closing Px	High	Low	% Daily	% Weekly	YTD
Solidere A	69.70	69.80	69.60	-0.43	1.01	-21.77
Solidere B	69.75	69.75	69.75	0.07	1.01	-22.46

MUST READ

(Source: Bloomberg/ Forexlive)

Eurozone cuts interest rate for first time in 5 years

The EU has become the second major global economy to cut its lending rate this week, saying it had made progress in tackling inflation. The ECB announced a cut in its main interest rate from an all-time high of 4% to 3.75%. The ECB's move comes as voters head to the polls for EU-wide elections over the next four days, with the outcome expected to reflect people's unhappiness over cost-of-living pressures. Christine Lagarde, president of the ECB said the outlook for inflation had improved "markedly", paving the way for the rate cut. However, she warned that inflation was likely to remain above the bank's 2% target "well into next year", averaging 2.5% in 2024 and 2.2% in 2025. The ECB would keep interest rate policy "sufficiently restrictive for as long as necessary" to bring inflation down to the Bank's 2% target, she said. However, she added: "We are not pre-committing to a particular rate path." Meeting in Frankfurt on Thursday, the EU's rate-setting body decided to cut rates, despite a slight uptick in inflation in May. Inflation rose to 2.6%, from 2.4% in April in the 27-nation bloc. The ECB's decision followed Canada's rate cut on Wednesday which brought its headline rate down from 5% to 4.75%, after inflation there fell to 2.7%. Sweden and Switzerland have also trimmed rates. Geopolitical tensions could weigh on growth, while extreme weather events and the climate crisis more broadly could drive up food prices, she warned. Growth combined with slowing inflation and easing wage growth, would justify another rate cut, she said.

MAIN WEEKLY EARNINGS

Company	Ticker	Market Cap	Date	Time	Estimate	Year Ago
J Jill Inc	JILL US	\$ 378.4M	07-Jun-24	Pre-mkt	1.06	0.96
Korn Ferry	KFY US	\$ 3.38B	13-Jun-24	Pre-mkt	1.13	1.01
Signet Jewelers Lt	SIG US	\$ 4.77B	13-Jun-24	Pre-mkt	0.85	1.78
Alithya Group Inc	ALYAF US	\$ 148.6M	13-Jun-24	Pre-mkt	0.01	-0.21
Ammo Inc	POWW US	\$ 306.1M	13-Jun-24	Aft-mkt	-0.04	-0.03

ECONOMIC CALENDAR

(07-06-24) DE - Industrial Production SA MoM
(07-06-24) EA - GDP SA QoQ / YoY
(07-06-24) CA - Net change in Employment / Unemployment Rate
(07-06-24) US - Change in Nonfarm Payrolls
(07-06-24) US - Change in Manufact. Payrolls / Unemployment Rate
(10-06-24) JP - GDP SA QoQ
(10-06-24) US - NY Fed 1 Yr Inflation Expectations

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