

Daily Market Brief

October 7th 2024



FOREIGN EXCHANGE MARKETS (Sources: Bloomberg / Reuters)

EURUSD
The EUR/USD pair kicks off the new week on a subdued note and consolidates last week's heavy losses to its lowest level since mid-August touched in the aftermath of the upbeat US employment details on Friday. The USD preserves the post-NFP gains to a multi-week top and caps the upside for the pair. Bets for another ECB rate cut in October undermine the Euro and further act as a headwind.

GBPUSD
The GBP/USD pair posts modest gains to near 1.3130, snapping the three-day losing streak during the early Asian session on Monday. However, the upside of the major pair might be limited amid the reduced bets of the Federal Reserve interest rate cuts after the upbeat US Nonfarm Payrolls on Friday. According to the CME Fedwatch Tool, financial markets are now pricing in nearly 97.4% chance of 50 basis points Fed rate cuts in September, up from 31.1% before the NFP data. The GBP edges higher after the BoE could take a more aggressive approach to lowering interest rates.

USDJPY
The USD/JPY pair struggles to capitalize on a modest Asian session uptick or find acceptance above the 149.00 mark and retreats a few pips from its highest level since August 16 touched this Monday. Reduced bets for more BoJ rate hikes and an oversized Fed rate cut should lend support. Any meaningful corrective slide could be seen as a buying opportunity and remain limited.

Fx rates	Last	High	Low	% Daily	% Weekly	% YTD
EUR-USD	1.0964	1.0979	1.0962	-0.09	-1.54	-0.68
GBP-USD	1.3110	1.3134	1.3100	-0.09	-1.98	2.98
USD-JPY	148.37	149.13	148.22	-0.22	-3.19	-4.94
USD-CHF	0.8580	0.8603	0.8573	-0.05	-1.45	-1.93
Commodities	Last	High	Low	% Daily	% Weekly	% YTD
Gold	2640.37	2652.86	2640.03	-0.50	0.22	27.99
Silver	31.86	32.35	31.84	-1.07	2.23	33.87
Crude Oil	74.16	74.47	73.62	-0.30	8.79	4.97
Bitcoin	63412.06	63962.06	62302.93	1.26	4.12	49.18
Etherium	2486.80	2512.80	2416.44	1.98	4.24	8.96
Period	1M	3M	6M	12M		
SOFR (\$)	4.85	4.58	4.28	3.87		
ESTR (€)	2.55	3.17	2.93	2.55		
SONIA (£)	4.96	4.79	4.61	4.28		
SARON (F)	0.94	0.85	0.73	0.57		
TONAR (¥)	0.22	0.18	0.13	0.06		

		Rates
U.S. Federal Fund Target Rate		5.00
ECB Main Refinancing Operation Announcement Rate		3.65
ECB Deposit Facility Announcement Rate		3.50
ECB Marginal Lending Facility Announcement Rate		3.90
BOE Official Bank Rate		5.00

INTERNATIONAL EQUITY MARKETS (Sources: Bloomberg / Reuters)

UNITED STATES OF AMERICA
Stocks rallied after data showed nonfarm payrolls grew by 254,000 jobs in September, far outpacing the forecasted gain of 150,000 from economists polled by Dow Jones. The unemployment rate ticked down to 4.1% despite expectations for it to hold steady at 4.2%. Crude oil prices rose again on Friday, bringing the weekly gain to around 9%.

EUROPE
European stocks ended the day higher on Friday after the latest U.S. jobs report soared past expectations. Automaker shares climbed 1.5% after the European Union on Friday voted to adopt definitive tariffs on China-made battery electric vehicles. It comes despite opposition to the measures from many European carmakers, who fear retaliatory tariffs from one of their biggest markets.

ASIA
Asia-Pacific markets mostly climbed on Monday, led by Japan's Nikkei 225 rising almost 2% as investors look ahead to a week of central bank decisions from around the region.

Index	Close	% Daily	% M	YTD	Futures	% Change
DJIA	42352.75	0.81	4.98	12.37	42605.00	0.68
S&P	5751.07	0.90	6.34	20.57	5791.50	0.72
Nasdaq	18137.85	1.22	8.67	20.83	20192.00	0.98
DJ EuroStoxx50	4954.94	0.68	4.58	9.59	4989.00	1.07
FTSE 100	8280.63	-0.02	1.21	7.08	8349.00	0.32
CAC 40	7541.36	0.85	2.57	-0.02	7587.00	0.86
DAX	19120.93	0.55	4.48	14.14	19316.00	0.94
IBEX 35	11659.20	0.35	4.35	15.41	11641.40	0.39
FTSE MIB	33594.12	1.28	0.91	10.68	33480.00	1.27
Nikkei	38635.62	2.28	8.59	18.09	39510.00	2.46
Hang Seng	22736.87	0.97	31.61	34.67	23035.00	3.95
DFM General	4405.85	0.17	0.75	8.52	N/A	N/A
MSCI Tadawoul	11769.04	-1.58	-2.73	-1.66	N/A	N/A

Leb. Mrkts	Closing Px	High	Low	% Daily	% Weekly	YTD
Solidere A	93.40	93.50	91.55	0.27	3.49	4.83
Solidere B	92.00	92.00	92.00	-2.23	2.79	2.28

MUST READ (Source: Bloomberg/ Forexlive)

France's debt ratio is forecast to rise further than expected
A recent Goldman Sachs Research downgrade to France's growth outlook now implies that the government debt ratio will increase to 116% of GDP in 2027, from 113% before the just-concluded early parliamentary elections. As France's new government, composed of President Emmanuel Macron's centrist ally parties and the centre-right party Les Républicains, settles in, our analysts expect policymakers and investors to focus on the upcoming 2025 budget bill. "The two main points of uncertainty are the magnitude of the likely consolidation steps and the corresponding mix of expenditure and revenue measures," writes Alexandre Stott, senior European economist with Goldman Sachs Research. Goldman Sachs Research expects the policy mix to skew towards reducing expenditure, although the incoming prime minister, Michel Barnier, has showed openness to relying on some revenue-raising measures. "The main reason is that France's taxation burden is already one of the highest among peers, leaving little room for further increases," Stott writes. "Instead, for example, the new government could revisit generous apprenticeships subsidies, tweak corporate R&D incentives, or tighten employee contributions exemptions." France's fiscal policy in 2026 and beyond is still hard to predict. New legislative elections after July 2025 may deliver a different political balance in the National Assembly. The prospect of a consequential 2027 presidential election is also likely to lessen any government's incentive to contain spending. A too-slow consolidation pace would be inconsistent with European fiscal rules and would likely spark concerns among investors. Goldman Sachs Research's deficit forecast reflects a moderate bias toward debt consolidation.

MAIN WEEKLY EARNINGS

Company	Ticker	Market Cap	Date	Time	Estimate	Year Ago
Duckhorn Portfoli	NAPA US	\$ 794.1M	07-Oct-24	Aft-mkt	0.10	0.14
Pepsico Inc	PEP US	\$ 230.72B	08-Oct-24	Pre-mkt	2.30	2.25
Helen of Troy LTD	HELE US	\$ 1.43B	09-Oct-24	Pre-mkt	1.07	1.74
Delta Airlines	DAL US	\$ 31.81B	10-Oct-24	Pre-mkt	1.48	2.03
JPMorgan Chase &	JPM US	\$ 600.96B	11-Oct-24	Pre-mkt	4.01	4.33

ECONOMIC CALENDAR

(07-10-24) DE - Factory Orders MoM
(08-10-24) JP - BoP Current Account Balance
(09-10-24) US - MBA Mortgage Applications
(10-10-24) JP - PPI YoY / MoM
(10-10-24) US - CPI MoM / Core CPI
(11-10-24) DE - CPI YoY / MoM
(11-10-24) UK - Industrial Production MoM / YoY

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