

Daily Market Brief

January 8th 2024



FOREIGN EXCHANGE MARKETS

(Sources: Bloomberg / Reuters)

EUR/USD

Markets are looking for fresh direction. Investors chose to reduce bets on upcoming rate cuts after macroeconomic figures confirmed the economic contraction extended into December 2023, while inflation in the Eurozone remained elevated at the end of the year. On the US front, labor markets remain strong after NFP data met expectations while unemployment rate held steady at 3.7%. US will release next Thursday the December Consumer Price Index.

GBP/USD

GBP/USD halts its winning streak that began on Wednesday, trading around 1.2710 during the Asian session on Monday. The US Dollar experienced a volatile session on Friday, marked by fluctuations between gains and losses driven by NFP report. The recent upbeat economic indicators from the United Kingdom (UK) likely contributed to the British Pound's (GBP) positive performance. British Retail Consortium (BRC) will be released on Tuesday.

USD/JPY

The USD/JPY spiked to a near-term high at the 146.00 handle early Friday in the broad-market run-up to the US Nonfarm Payrolls release, which surged above market forecasts and sent the US Dollar (USD) back down.

Fx rates	Last	High	Low	% Daily	% Weekly	% YTD
EUR-USD	1.0947	1.0954	1.0931	0.04	-0.89	-0.83
GBP-USD	1.2715	1.2730	1.2698	-0.04	-0.09	-0.13
USD-JPY	144.19	144.92	144.17	-0.31	-2.29	-2.18
USD-CHF	0.8510	0.8521	0.8485	0.12	-1.21	-1.13
Commodities	Last	High	Low	% Daily	% Weekly	% YTD
Gold	2032.75	2046.65	2027.15	-0.62	-0.43	-1.47
Silver	23.06	23.21	22.96	-0.57	0.30	-3.09
Crude Oil	72.77	73.95	72.61	-1.41	1.56	1.56
Bitcoin	43901.51	44263.31	43238.29	-0.81	2.24	3.28
Etherium	2214.09	2241.42	2168.60	-1.22	-0.59	-2.99
Period	1 M	3 M	12 M			
EURIBOR	3.88	3.94	3.58			
SOFR	5.34	5.33	4.85			
Notes/Bonds	2 Y	10 Y	30 Y			
US	4.38	4.05	4.20			
BTP - BUND	0.58	1.70	2.09			
GILTS	4.24	3.79	4.40			

INTERNATIONAL EQUITY MARKETS

(Sources: Bloomberg / Reuters)

UNITED STATES OF AMERICA

The S&P 500 ended Friday modestly higher, but all three of the major averages snapped a nine-week winning streak following a stronger-than-expected jobs report. The unemployment rate held steady at 3.7% in another sign of continued labor strength. A strong labor market could mean that the Fed might potentially delay the first of its rate cuts.

EUROPE

European markets closed lower Friday, rounding off a choppy first week of the new year, as investors reacted to euro zone inflation data and December's U.S. jobs report. Euro zone inflation climbed to an annual 2.9% in December from 2.4% the previous month, initial flash estimates showed on Friday, though came in just below a 3% forecast from a Reuters poll of economists.

ASIA

Asia-Pacific markets were mixed on Friday, after falling for the first few trading days of the new year, with most markets clocking declines at the end of the first week of this year. Japan's Nikkei 225 rose for the first time since the country's New Year's earthquake and JAL flight collision in the first two days of the year.

Index	Close	% Daily	% M	YTD	Futures	% Change
DJIA	37466.11	0.07	3.36	-0.59	37574.00	-0.38
S&P	4697.24	0.18	2.02	-1.52	4729.75	-0.11
Nasdaq	14524.07	0.09	0.83	-3.25	16441.50	-0.12
DJ EuroStoxx50	4463.51	-0.23	-1.32	-1.28	4476.00	-0.31
FTSE 100	7689.61	-0.43	1.79	-0.56	7667.00	-0.37
CAC 40	7420.69	-0.40	-1.41	-1.62	7431.50	N/A
DAX	16594.21	-0.14	-0.98	-0.94	16702.00	-0.18
IBEX 35	10164.50	-0.18	-0.58	0.62	10138.50	N/A
FTSE MIB	30440.95	0.12	0.12	0.29	30556.00	N/A
Nikkei	33377.42	0.27	3.31	-0.26	33410.00	0.27
Hang Seng	16535.33	-2.21	-1.00	-5.14	16222.00	-2.24
DFM General	4087.99	0.00	3.45	0.69	N/A	N/A
MSCI Tadawoul	12285.07	1.15	9.44	2.65	N/A	N/A

Leb. Mrkts	Closing Px	High	Low	% Daily	% Weekly	YTD
Solidere A	81.10	83.60	79.10	-2.11	-9.74	-8.98
Solidere B	80.10	80.10	80.10	0.00	-11.74	-10.95

MUST READ

(Source: Bloomberg/ Forexlive)

Will the FED raise its rates again?

Interest rates could still rise if the Federal Reserve is committed to slowing the labor market, the founder of Veritas Financial Group told CNBC on Thursday. While inflation has cooled consistently since the second half of 2023, the Fed has signaled that it might not have done enough yet to declare mission accomplished. "What I think now is the problem is that the Fed, they have an issue," Gregory Branch said. "So while the market has decided that everything is over, I continue to say, again, to great consternation, that I think it's more likely that we see a hike than a cut in the first quarter". In debating the trajectory of interest rates, Branch has long held bearish forecasts, and diverged from last month's market narrative that the Fed will soon pivot and start cutting. Bets surged that the central bank could start slashing rates as soon as March, given a surprising late-year slowdown in inflation. Though Branch acknowledged that his projections missed the mark through 2023, he pointed out that markets have become too confident that the economy is cooling enough for the Fed to change course. In his view, investors are ignoring negative catalysts that run counter to rate-cutting hopes, such as record low jobless claims, and continued hawkish rhetoric from Fed officials. "We have to wonder, how can the Fed get to that 4.1% unemployment that they embedded in those dot plots?" he said. The latest labor market figures appear to support Branch's argument. The unemployment rate remained at 3.7%.

MAIN WEEKLY EARNINGS

Company	Ticker	Market Cap	Date	Time	Estimate	Year Ago
Commercial Meta	CMC US	\$ 5.63B	08-Jan-24	Pre-mkt	1.42	2.24
Jefferies Financial	JEF US	\$ 9.29B	08-Jan-24	Aft-mkt	0.26	0.57
Albertsons Cos In	ACI US	\$ 13.27B	09-Jan-24	Pre-mkt	0.65	0.87
Manchester Unite	MANU US	\$ 3.28B	09-Jan-24	Pre-mkt	-0.07	-0.06
Blackrock Inc	BLK US	\$ 117.21 B	12-Jan-24	Pre-mkt	8.77	8.93

ECONOMIC CALENDAR

(08-01-23) DE - Factory Orders MoM
(09-01-23) JP - Tokyo CPI YoY
(09-01-23) DE - Industrial Production SA MoM
(09-01-23) US - Trade Balance
(10-01-23) FR - Industrial Production MoM
(10-01-23) US - MBA Mortgage Applications
(11-01-23) US - CPI MoM

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