

Daily Market Brief

May 9th 2024



FOREIGN EXCHANGE MARKETS

(Sources: Bloomberg / Reuters)

EUR/USD

EUR/USD extends its losses for the second successive session, trading around 1.0750 during the Asian session on Wednesday. The USD gains ground due to the expectations of the Fed prolonging higher interest rates. However, the softer US labor data from the last week has reignited hopes for potential interest rate cuts by the Fed in 2024. ECB may begin reducing borrowing costs as early as June.

GBP/USD

The GBP/USD pair remains on the defensive around 1.2495 on Thursday during the early Asian session. Greenback edges higher for the third consecutive day, which weighs on the major pair. Traders turn to cautious mode ahead of the BoE interest rate decision later in the day, with no change in rate expected. Fed's Collins emphasized the need to stay higher for longer, as it will take longer than previously thought to bring inflation down.

USD/JPY

The USD/JPY pair trades in positive territory for the fourth consecutive day around 155.60 during the early Asian trading hours on Thursday. Many Japanese policymakers called for steady interest rate to avoid the risks of inflation overshoot. Fed's Collins emphasised the need to hold rates higher for longer to curb inflation, boosting the USD.

Fx rates	Last	High	Low	% Daily	% Weekly	% YTD
EUR-USD	1.0744	1.0752	1.0742	-0.04	0.18	-2.67
GBP-USD	1.2491	1.2502	1.2487	-0.06	-0.34	-1.89
USD-JPY	155.63	155.70	155.17	0.06	-1.28	-9.37
USD-CHF	0.9086	0.9086	0.9076	0.07	0.23	-7.40
Commodities	Last	High	Low	% Daily	% Weekly	% YTD
Gold	2316.76	2319.84	2307.98	0.34	0.56	12.30
Silver	27.61	27.71	27.29	1.02	3.47	16.03
Crude Oil	79.42	79.48	79.13	0.54	0.60	10.12
Bitcoin	61550.46	61772.83	60863.54	-0.03	-3.65	44.80
Etherium	3006.39	3012.97	2942.54	1.88	-3.90	31.73
Period	1 M	3 M	12 M			
EURIBOR	3.88	3.79	3.65			
SOFR	5.32	5.33	5.15			
Notes/Bonds	2 Y	10 Y	30 Y			
US	4.85	4.50	4.66			
BTP - BUND	0.51	1.34	1.74			
GILTS	4.31	4.14	4.61			

INTERNATIONAL EQUITY MARKETS

(Sources: Bloomberg / Reuters)

UNITED STATES OF AMERICA

The Dow Jones Industrial Average traded higher Wednesday, trying to extend its winning streak to six days, as investors shook off some weakness in tech. Boston Fed President Susan Collins said in remarks on Wednesday that the Fed's interest rate policy will likely need to remain at its current level until inflation is moving "sustainably" toward the central bank's 2% target.

EUROPE

European markets closed higher on Wednesday as investors digested more earnings reports in the region. Sweden's central bank cut interest rates for the first time in eight years on Wednesday in another sign of monetary policy divergence between the U.S. and Europe.

ASIA

Japan stocks led declines in Asia-Pacific markets on Wednesday, as investors parsed through earnings from the region, including reports from Japanese giants Toyota Motor and Mitsubishi. Investors await China's April trade data and Japan's March pay numbers, both due Thursday.

Index	Close	% Daily	% M	YTD	Futures	% Change
DJIA	39056.39	0.44	0.44	3.63	39164.00	-0.07
S&P	5187.67	0.00	-0.43	8.76	5206.50	-0.11
Nasdaq	16302.76	-0.18	-0.02	8.60	18153.50	-0.18
DJ EuroStoxx50	5038.17	0.44	0.95	11.43	5018.00	-0.06
FTSE 100	8354.05	0.49	5.28	8.03	8377.00	0.12
CAC 40	8131.41	0.69	1.02	7.80	8125.00	0.00
DAX	18498.38	0.37	2.33	10.43	18633.00	0.01
IBEX 35	11153.00	0.65	3.12	10.40	11162.20	0.00
FTSE MIB	34151.41	-0.27	0.60	12.52	33881.00	0.00
Nikkei	38202.37	-0.06	-4.01	14.09	38180.00	-0.10
Hang Seng	18313.86	1.16	10.09	8.68	18525.00	1.59
DFM General	4193.35	0.89	-1.20	3.29	N/A	N/A
MSCI Tadawoul	12460.11	0.83	-1.93	4.12	N/A	N/A

Leb. Mrkts	Closing Px	High	Low	% Daily	% Weekly	YTD
Solidere A	70.00	70.00	70.00	0.00	-3.98	-21.44
Solidere B	66.20	66.20	66.20	-1.19	-1.34	-26.40

MUST READ

(Source: Bloomberg/ Forexlive)

Bankruptcies are spiking as companies lose hope of rate cuts

Corporate bankruptcies increased in recent months amid teetering confidence in a quick interest rate pivot. According to S&P Global, April marked the highest number of bankruptcies in a year, with 66 filings. That's an 88% increase from January's 35 filings. Contributing to the increase were challenged expectations that the Federal Reserve could slash the fed fund rates, which has stood at 5.25%-5.50% since last July. Though 2024 opened with high hopes that easing would start as soon as March, strong economic and inflationary data has since pushed outlooks to as far as December. For many corporations burdened by high rates, that has meant throwing in the towel, S&P suggested. After all, hawkish policy has been the central headwind for eroding balance sheets last year, and businesses have hinged their survival on lower borrowing costs. By one measure, rising costs did slow when a rate cut looked likely in early 2024. Effective yields on junk-rated corporate debt hit as low as 7.40% in March, according to the ICE BofA US High Yield Index. But last month's stubborn inflation and slowing GDP made a Fed cut look unlikely, and yields shot up to 8.11%. The three sectors leading in bankruptcies that month were consumer discretionary, healthcare, and industrials, S&P Global said. While April's stagflation scare has subsided following a weaker-than-expected jobs report, Fed officials continue to signal that lower inflation prints are still necessary before an interest rate cut can occur. But analysts have warned that the longer monetary policy remains unchanged, the greater the risk of something breaking in the economy.

MAIN WEEKLY EARNINGS

Company	Ticker	Market Cap	Date	Time	Estimate	Year Ago
Berry Global	BERY US	\$ 7.1B	09-May-24	Pre-mkt	1.90	1.96
Roblox	RBLX US	\$ 24.97B	09-May-24	Pre-mkt	-0.54	-0.44
Dropbox	DBX US	\$ 7.89B	09-May-24	Aft-mkt	0.50	0.42
Constellation Ene	CEG US	\$ 65.55B	09-May-24	Aft-mkt	1.16	0.29
Metter Toledo	MTD US	\$ 26.80B	09-May-24	Aft-mkt	7.65	8.60

ECONOMIC CALENDAR

(09-05-24) UK - Bank of England Bank Rate
(09-05-24) US - Initial Jobless Claims
(10-05-24) JP - BoP Current Account Balance
(10-05-24) UK - GDP QoQ / YoY
(10-05-24) UK - Industrial Production MoM
(10-05-24) CA - Net Change In Employment / Unemployment Rate
(10-05-24) US - U. of Mich. Sentiment

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