

Daily Market Brief

June 11th 2024



FOREIGN EXCHANGE MARKETS

(Sources: Bloomberg / Reuters)

EUR/USD

EU Parliamentary elections hobbled the Euro heading into the new trading week as bumpy parliamentary shuffling poses a near-term risk for policymaking, weighing heavily on the Euro. Thin economic calendar on Tuesday leaves the way open for Fed fears. Markets to look for signs of Fed weakness heading into midweek inflation print.

GBP/USD

The GBP/USD pair trades with mild losses near 1.2730 during the early Asian session on Tuesday. Traders might prefer to wait on the sidelines ahead of the release of the UK employment report, which is due later in the day. In the meantime, the lower bets of the US Federal Reserve's (Fed) rate cuts this year are likely to boost the US Dollar and cap the upside for the pair.

USD/JPY

The USD/JPY pair scales higher for the third straight day – also marking the fourth day of a positive move in the previous five – and climbs to over a one-week high, around the 157.25 area during the Asian session on Tuesday. The US consumer inflation figures are due for release on Wednesday, which will be followed by the highly-anticipated FOMC monetary policy decision. Investors will look for cues about the likely timing when the Fed will begin cutting interest rates.

Fx rates	Last	High	Low	% Daily	% Weekly	% YTD
EUR-USD	1.0769	1.0771	1.0760	0.04	-1.01	-2.45
GBP-USD	1.2737	1.2739	1.2725	0.05	-0.26	0.05
USD-JPY	157.27	157.33	156.96	0.15	-1.52	-10.32
USD-CHF	0.8967	0.8971	0.8957	0.02	-0.72	-6.17
Commodities	Last	High	Low	% Daily	% Weekly	% YTD
Gold	2299.96	2312.49	2297.84	-0.47	-1.16	11.49
Silver	29.15	29.84	29.04	-2.01	-1.19	22.49
Crude Oil	77.68	78.16	77.55	-0.08	6.05	7.93
Bitcoin	67802.27	69663.01	67643.87	-2.60	-4.08	59.51
Etherium	3558.94	3673.70	3534.00	-3.05	-6.31	55.94
Period	1 M		3 M		12 M	
EURIBOR	3.68		3.76		3.70	
SOFR	5.33		5.34		5.14	
US Fed Fund Rate (Indicator)			5.31			
Notes/Bonds	2 Y		10 Y		30 Y	
US	4.88		4.46		4.58	
BTP - BUND	0.54		1.40		1.77	
GILTS	4.41		4.32		4.76	

INTERNATIONAL EQUITY MARKETS

(Sources: Bloomberg / Reuters)

UNITED STATES OF AMERICA

The S&P 500 rose slightly on Monday, as Nvidia gains led tech stocks higher, and investors looked ahead to the Fed's interest rate decision. Nvidia shares were up 1% as the stock's 10-for-1 split took effect. Investors will parse through the Fed's updated projections on the timing and frequency of rate cuts. Markets are now pricing in just one rate cut this year, coming in November

EUROPE

European stocks fell on Monday as traders reacted to initial results from the EU Parliament elections and the surprise call for parliamentary elections by French President Emmanuel Macron. The euro slipped 0.51% against the U.S. dollar and 0.57% against the British pound.

ASIA

Asian stocks were mixed on Tuesday in a busy week with several top-tier reports on U.S. inflation due along with a policy meeting of the Federal Reserve. In Tokyo, the Nikkei 225 index was up 0.3% at 39,155.16 as an upward revision of Japan's economic data on Monday was well received, while continued weakness of the yen boosted exports.

Index	Close	% Daily	% M	YTD	Futures	% Change
DJIA	38868.04	0.18	-1.63	3.13	38877.00	-0.14
S&P	5360.79	0.26	2.64	12.39	5367.25	-0.08
Nasdaq	17192.53	0.35	5.21	14.53	19092.50	-0.09
DJ EuroStoxx50	5016.48	-0.69	-1.35	10.95	5023.00	0.18
FTSE 100	8228.48	-0.20	-2.43	6.40	8234.50	0.00
CAC 40	7893.98	-1.35	-3.96	4.65	7896.00	0.00
DAX	18494.89	-0.34	-1.48	10.41	18523.00	0.05
IBEX 35	11357.20	-0.42	2.27	12.42	11353.60	0.00
FTSE MIB	34542.01	-0.34	-0.33	13.81	34584.00	0.00
Nikkei	39038.16	0.30	2.42	17.01	39160.00	0.41
Hang Seng	18366.95	-1.61	-4.71	6.00	18007.00	-1.46
DFM General	3973.52	-0.22	-4.78	-2.13	N/A	N/A
MSCI Tadawoul	11853.82	-0.01	-3.51	-0.95	N/A	N/A
Leb. Mrkts	Closing Px	High	Low	% Daily	% Weekly	YTD
Solidere A	69.70	70.00	69.60	-0.43	0.00	-21.77
Solidere B	69.55	69.75	69.50	-0.29	-0.22	-22.68

MUST READ

(Source: Bloomberg/ Forexlive)

6 Regional Banks' Ratings on Review for Downgrade by Moody's

Commercial real estate ("CRE") continues to be an area of concern amid the high-interest-rate environment. Because of their significant exposure to CRE loans, the long-term ratings of at least six regional banks in the United States have been placed under review for downgrade by Moody's Corporation MCO. The banks are Old National Bancorp ONB, Fulton Financial Corporation FULT, F.N.B. Corporation FNB, WaFd, Inc. WAFD, First Merchants Corp. and Peapack-Gladstone Financial Corp. Amid the higher interest rate environment banks with a substantial concentration in CRE loans face ongoing credit quality and profitability issues. This is because higher rates have increased the longstanding risks of CRE for banks' creditworthiness, particularly during cycle downturns. Moreover, unlike the largest regional banks, the above-mentioned banks are not subject to heightened prudential regulatory standards. Thus, these banks' credit weaknesses are enlarged by lower regulatory requirements in relation to the larger banks. Accordingly, since CRE loans have a lower value now amid higher rates, these banks face heightened risks. According to Moody's, bank funding is under pressure now because depositors continue to switch to accounts with higher interest rates, which has been leading to a compression in banks' net interest margins. Moody's said that its review for downgrade will focus on the extent to which the above-mentioned regional banks can maintain sufficient qualitative and quantitative risk mitigants to offset the dangers associated with their CRE loan exposures, especially with respect to their policy toward the amount of capital and liquidity that they retain.

MAIN WEEKLY EARNINGS

Company	Ticker	Market Cap	Date	Time	Estimate	Year Ago
Oracle Corp	ORCL US	\$ 342.19B	11-Jun-24	Aft-mkt	1.64	1.67
Casey's General St	CASY US	\$ 12.15B	11-Jun-24	Aft-mkt	1.72	1.49
Broadcom Inc	AVGO US	\$ 667.54B	12-Jun-24	Aft-mkt	10.80	10.32
Oxford Industries	OXM US	\$ 1.59B	12-Jun-24	Aft-mkt	2.67	3.78
Wiley	WLY US	\$ 1.96B	13-Jun-24	Pre-mkt	0.62	1.45

ECONOMIC CALENDAR

(11-06-24) UK - ILO Unemployment Rate 3Mths
(11-06-24) UK - Jobless Claims Change
(12-06-24) DE - CPI YoY / MoM
(12-06-24) US - MBA Mortgage Applications
(12-06-24) US - CPI YoY / MoM
(12-06-24) US - FOMC Rate Decision
(13-06-24) US - May PPI Inflation Data

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