

Daily Market Brief

August 11th 2023



FOREIGN EXCHANGE MARKETS

(Sources: Bloomberg / Forexlive)

EURUSD

The EUR/USD pair holds ground above the 1.0980 mark heading into the early European session on Friday. The major pair trades in positive territory for the third consecutive day after retreating from a weekly high of 1.1065 following US inflation data. Market participants prefer to wait on the sidelines ahead of the US Producer Price Index (PPI), due later in the American session.

GBPUSD

GBP/USD stays defensive beyond an 11-week-old rising support line, making rounds to 1.2680-90 heading into Friday's London open. In doing so, the Cable pair justifies the market's cautious mood of the first readings of the UK's second quarter (Q2) Gross Domestic Product (GDP), expected 0.0% QoQ versus 0.1% prior, especially amid fears of British recession. However, the US Dollar's retreat prods the Pound Sterling sellers of late.

USDJPY

USD/JPY bulls run out of steam below 145.00, making rounds to 144.80-90 during early Friday in Europe, as market players struggle for clear directions amid mixed clues. Also challenging the Yen pair is the cautious mood ahead of the mid-tier US data.

Fx rates	Last	High	Low	% Daily	% Weekly	% YTD
EUR-USD	1.0990	1.0998	1.0979	0.08	-0.15	2.66
GBP-USD	1.2684	1.2691	1.2666	0.06	-0.51	4.97
USD-JPY	144.71	144.90	144.63	-0.03	-2.04	-9.39
USD-CHF	0.8761	0.8771	0.8756	-0.08	-0.41	5.52
Commodities	Last	High	Low	% Daily	% Weekly	% YTD
Gold	1915.46	1915.99	1910.94	0.16	-1.41	5.01
Silver	22.73	22.81	22.67	0.11	-3.83	-5.12
Crude Oil	82.75	83.16	82.65	-0.08	-0.08	4.95
Bitcoin	29391.73	29467.99	29329.59	-0.10	1.02	77.71
Etherium	1846.69	1853.29	1842.36	-0.11	0.93	53.97
Period	1 M		3 M		12 M	
USD LIBOR *	5.43		5.63		6.04	
EURIBOR	3.63		3.76		4.05	
SOFR	5.31		5.37		5.31	
Notes/Bonds	2 Y		10 Y		30 Y	
US	4.84		4.11		4.25	
BTP - BUND	0.66		1.62		1.96	
GILTS	4.91		4.36		4.58	

INTERNATIONAL EQUITY MARKETS

(Sources: Bloomberg / Reuters)

UNITED STATES OF AMERICA

Wall Street's main indexes finished flat on Thursday, giving up most early gains on milder-than-feared inflation data as investors worried about the U.S. economy's longer-term prospects and whether stocks had further room to run. July annual CPI at 3.2% vs estimates of 3.3%.

EUROPE

European stocks climbed on Thursday after a modest rise in U.S. consumer prices fuelled hopes that the Federal Reserve was close to the end of its rate hikes, while the luxury sector got a boost from China easing travel restrictions.

ASIA

Chinese stocks fell on Friday, as investors were disappointed by authorities' latest stimulus measures, amid fresh data showing that the post-pandemic recovery is continuing to lose steam.

Index	Close	% Daily	% M	YTD	Futures	% Change
DJIA	35176.15	0.15	2.67	6.12	35275.00	0.06
S&P	4468.83	0.03	0.67	16.39	4489.25	0.07
Nasdaq	13737.99	0.12	-0.17	31.26	15228.25	0.16
DJ EuroStoxx50	4384.04	1.55	2.27	15.56	4378.00	-0.52
FTSE 100	7618.60	0.41	4.61	2.24	7589.50	-0.52
CAC 40	7433.62	1.52	2.96	14.83	7440.50	N/A
DAX	15996.52	0.91	1.31	14.89	15986.00	-0.43
IBEX 35	9502.20	1.58	1.83	15.47	9508.00	N/A
FTSE MIB	28575.05	0.94	1.83	20.53	28684.00	N/A
Nikkei	32473.65	0.84	0.84	24.45	32590.00	0.09
Hang Seng	19248.26	-0.44	2.70	-3.12	19170.00	-0.43
DFM General	4048.85	-0.53	1.59	21.37	N/A	N/A
MSCI Tadawoul	11424.12	1.22	-2.06	9.02	N/A	N/A
Leb. Mrkts	Closing Px	High	Low	% Daily	% Weekly	YTD
Solidere A	78.35	80.50	73.00	-2.61	-2.31	28.65
Solidere B	78.05	81.00	75.20	-4.47	-2.50	29.33

MUST READ

(Source: Bloomberg/ Forexlive)

The Fed may be done hiking but another policy move still poses risk to stocks

The Fed may be close to the end of its rate hiking campaign based on a continued cooldown in inflation, but the central bank has one more policy move that poses a big risk for the stock market. Ned Davis Research highlighted that the Fed's quantitative tightening via its monthly balance sheet reductions could put a dent in stock prices and other risk assets. Since June 2022, the Fed has reduced its balance sheet by \$900 billion to \$7.6 trillion, and it would have been even more if the Fed wasn't forced to inject \$400 billion of liquidity to contain the regional banking crisis in March. As the Fed reduces its balance sheet by letting treasury and mortgage bonds mature (and then not reinvesting the proceeds), it is taking liquidity out of markets. "Liquidity is the lifeblood of the financial markets... Risk assets love liquidity. Continued draining of liquidity presents a risk for equities and credit" The Fed has been reducing its balance sheet by about \$80 billion per month, and stocks tend to perform well when the exact opposite happens, according to NDR. "Our analysis shows that when the 4-week change of reserves has increased by more than \$62 billion, stock returns have exploded at a 31% annual rate since March 2009 when the Fed began ramping up QE and shifted to an ample reserves regime," Kalish explained

MAIN WEEKLY EARNINGS

(Source: Nasdaq)

Company	Ticker	Market Cap	Date	Time	Estimate	Year Ago
Home Depot	HD US	\$329.5 B	15-Aug-23	Pre-mkt	4.46	5.05
Sea Limited	SE US	\$32.3 B	15-Aug-23	Pre-mkt	0.49	-1.35
Cisco Systems	CSCO US	\$216.2 B	16-Aug-23	After-mkt	0.95	0.74
TJX companies	TJX US	\$99.1 B	16-Aug-23	Pre-mkt	0.76	0.69
Target Corporatio	TGT US	\$60.8 B	16-Aug-23	Pre-mkt	1.49	0.39

ECONOMIC CALENDAR

(Source: Forexlive)

(15-08-23) GB- Claimant Count Change, Count Rate JUL
(15-08-23) GB- ILO Unemployment Rate (3M) JUN; Average Earnings Excluding Bonus
(15-08-23) EA- ZEW Survey - Economic Sentiment AUG
(15-08-23) DE- ZEW Survey - Current Situation, Economic Sentiment AUG
(15-08-23) US- Retail Sales Control Group JUL; Retail Sales MoM JUL
(15-08-23) CA- BoC Consumer Price Index Core YoY JUL
(15-08-23) CA- Consumer Price Index YoY JUL

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