

Daily Market Brief

June 12th 2023



FOREIGN EXCHANGE MARKETS

(Sources: Bloomberg / Forexlive)

EURUSD

EUR/USD renews intraday low near 1.0750 as it pares the first weekly gain in five amid a cautious mood ahead of the key week comprising the European Central Bank (ECB) and the US Federal Reserve (Fed) monetary policy decisions. Apart from the pre-event anxiety, the recent challenges to the sentiment and reassessment of the previous bias about the ECB and the Fed's next move also weigh on the Euro pair.

GBPUSD

GBP/USD holds lower ground near the intraday bottom as it prints the first daily loss in four amid early Monday in Europe, mildly offered near 1.2570 at the latest. That said, the Cable pair rose in the last two consecutive weeks amid a broad US Dollar fall but concerns about the UK's economic health and the market's positioning for this week's key data/events weigh on the Pound Sterling pair of late.

USDJPY

The USD/JPY pair gains some positive traction for the second successive day and climbs back above mid-139.00s during the Asian session on Monday. The Japanese Yen (JPY) weakens a bit on the first day of a new week in reaction to the dismal domestic data, showing that Japan's Producer Price Index (PPI) decelerated more than anticipated, to 5.1% YoY in May from the 5.9% previous.

Fx rates	Last	High	Low	% Daily	% Weekly	% YTD
EUR-USD	1.0748	1.0753	1.0733	-0.01	0.33	0.40
GBP-USD	1.2575	1.2584	1.2561	0.02	1.10	4.07
USD-JPY	139.45	139.64	139.27	0.04	0.09	-5.97
USD-CHF	0.9040	0.9046	0.9015	0.08	0.25	2.27
Commodities	Last	High	Low	% Daily	% Weekly	% YTD
Gold	1961.42	1961.45	1954.41	0.01	-0.02	7.53
Silver	24.19	24.26	24.07	-0.43	2.73	0.98
Crude Oil	69.37	70.33	69.14	-1.14	-3.85	-13.10
Bitcoin	25820.32	26151.01	25640.50	-1.21	-2.06	56.11
Etherium	1740.21	1772.07	1721.48	-1.73	-5.52	45.09
Period	1 M	3 M	12 M			
USD LIBOR *	5.22	5.54	5.78			
EURIBOR	3.29	3.47	3.93			
* USD LIBOR rates will be discontinued after June 30, 2023 and will be replaced by SOFR						
Notes/Bonds	2 Y	10 Y	30 Y			
US	4.61	3.75	3.89			
BTP - BUND	0.58	1.74	1.89			
GILTS	4.54	4.24	4.48			

INTERNATIONAL EQUITY MARKETS

(Sources: Bloomberg / Reuters)

UNITED STATES OF AMERICA

The S&P 500 closed higher on Friday but off session highs, as a Tesla rally failed to galvanize the broader market on the eve of the Federal Reserve's policy meeting and inflation data next week. Target slips after Citi downgrade.

EUROPE

European shares slipped on Friday, rounding off a lacklustre week that saw investors step to the sidelines ahead of crucial updates from the U.S. Fed and European Central Bank (ECB), while Croda slid on a tepid profit outlook.

ASIA

China and Hong Kong shares fell on Monday as investors brace for fresh data this week, which will likely add to concerns of the economic health of the world's second-biggest economy.

Index	Close	% Daily	% M	YTD	Futures	% Change
DJIA	33876.78	0.13	1.73	2.20	33916.00	0.02
S&P	4298.86	0.11	4.24	11.96	4311.25	0.16
Nasdaq	13259.14	0.16	7.93	26.68	14594.50	0.27
DJ EuroStoxx50	4289.79	-0.18	-0.65	13.08	4308.00	0.40
FTSE 100	7562.36	-0.49	-2.48	1.48	7596.00	0.40
CAC 40	7213.14	-0.12	-2.72	11.42	7213.50	N/A
DAX	15949.84	-0.25	0.23	14.55	16024.00	0.42
IBEX 35	9309.70	-0.31	0.82	13.13	9299.10	N/A
FTSE MIB	27162.02	-0.41	-0.68	14.57	27189.00	N/A
Nikkei	32265.17	0.40	10.23	24.14	32340.00	0.43
Hang Seng	19389.95	0.07	-1.14	-1.91	19383.00	0.16
DFM General	3698.69	0.30	3.92	10.87	N/A	N/A
MSCI Tadawoul	11396.13	-0.01	0.03	8.76	N/A	N/A
Leb. Mkts	Closing Px	High	Low	% Daily	% Weekly	YTD
Solidere A	83.40	84.90	82.10	-0.42	-1.30	36.95
Solidere B	83.05	84.95	81.55	0.67	-1.13	37.61

MUST READ

(Source: Bloomberg/ Forexlive)

ChatGPT can predict the stock market and understand Fed statements

ChatGPT has displayed an ability to anticipate stock market moves based on corporate news and is capable of understanding Federal Reserve statements, according to a pair of studies. The first study, conducted at the Richmond Fed, found that ChatGPT-4 is capable of sorting statements from the Fed into five categories in a manner that aligns closely with human readers, Business Insider reported. Researchers tasked the AI chatbot with classifying Fed statements as dovish, mostly dovish, neutral, mostly hawkish or hawkish. The result beat other AI models in matching designations by human readers. "The sentence indicates the committee's expectation to start implementing its balance sheet normalization program soon, which is a clear signal of tightening monetary policy, as long as the economy evolves as anticipated," GPT-4 wrote of one statement it deemed hawkish, according to Business Insider. Another study from the University of Florida examined ChatGPT's ability to anticipate stock market moves based on public corporate news, and found that the AI's latest version displayed a strong ability to predict moves. "We use ChatGPT to indicate whether a given headline is good, bad, or irrelevant news for firms' stock prices. We then compute a numerical score and document a positive correlation between these 'ChatGPT scores' and subsequent daily stock market returns," the researchers wrote. "Further, ChatGPT outperforms traditional sentiment analysis methods. We find that more basic models such as GPT-1, GPT-2, and BERT [an existing finance model] cannot accurately forecast returns.

MAIN WEEKLY EARNINGS

(Source: Nasdaq)

Company	Ticker	Market Cap	Date	Time	Estimate	Year Ago
Oracle Corporatio	ORCL US	\$265.4 B	12-Jun-23	After-mkt	1.31	1.31
Adobe Inc.	ADBE US	\$191.8 B	15-Jun-23	After-mkt	3.00	2.70
Kroger Company	KR US	\$35.5 B	15-Jun-23	Pre-mkt	1.41	1.45
Jabil Inc.	JBL US	\$11.2 B	15-Jun-23	Pre-mkt	1.76	1.52
John Wiley & Son:	WLYB US	\$2.1 B	15-Jun-23	Pre-mkt	N/A	1.08

ECONOMIC CALENDAR

(Source: Forexlive)

(13-06-23) GB- Claimant Count Rate MAY; Claimant Count Change MAY
(13-06-23) GB- Average Earnings Including/Excluding Bonus (3Mo/Yr) APR
(13-06-23) GB- ILO Unemployment Rate (3M) APR
(13-06-23) DE- Harmonized Index of Consumer Prices YoY MAY
(13-06-23) EA- ZEW Survey - Economic Sentiment JUN
(13-06-23) DE- ZEW Survey - Current Situation, Economic Sentiment JUN
(13-06-23) US- Consumer Price Index MAY

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