

Daily Market Brief

July 12th 2024



FOREIGN EXCHANGE MARKETS

(Sources: Bloomberg / Reuters)

EUR/USD

EUR/USD tested into a fresh five-week high on Thursday, bolstered by a broad-market selloff of the US Dollar after US CPI inflation figures softened to the slowest pace of price growth since late 2021. Rising market hopes for an accelerated pace of rate cuts has left market sentiment on the high side heading into the Friday market session. However, an expected uptick in US PPI wholesale inflation could spoil the fun for bulls.

GBP/USD

GBP/USD extended into a second day of a topside run, breaking through a firm supply zone and setting a fresh peak for 2024 near 1.2950. The pair set a new 50-week high as the Greenback tumbled across the board after US CPI inflation cooled to its lowest levels since 2021 reigniting rate-cut bets.

USD/JPY

The USD/JPY pair holds positive ground near 159.10 after bouncing off a nearly three-week low of 157.41 during the early Asian trading hours on Friday. The upside for the pair might be limited amid the fear of further FX intervention by Japanese officials. Traders will monitor the US June PPI and the preliminary July Michigan Consumer Sentiment gauge, which are due later on Friday.

Fx rates	Last	High	Low	% Daily	% Weekly	% YTD
EUR-USD	1.0867	1.0875	1.0863	-0.01	0.25	-1.56
GBP-USD	1.2912	1.2924	1.2902	-0.02	0.76	1.42
USD-JPY	159.15	159.45	157.76	0.19	1.01	-11.38
USD-CHF	0.8959	0.8970	0.8952	-0.07	-0.02	-6.08
Commodities	Last	High	Low	% Daily	% Weekly	% YTD
Gold	2406.54	2416.34	2405.53	-0.37	0.60	16.65
Silver	30.94	31.43	30.93	-1.66	-0.89	30.03
Crude Oil	83.00	83.17	82.78	0.46	-0.19	15.78
Bitcoin	57071.41	57609.82	56551.62	-0.84	-0.34	34.26
Etherium	3082.75	3120.60	3055.64	-1.07	2.81	35.07
Period	1 M	3 M	12 M			
EURIBOR	3.60	3.70	3.60			
SOFR	5.33	5.30	4.94			
US Fed Fund Rate (Indicator)	5.31					
Notes/Bonds	2 Y	10 Y	30 Y			
US	4.51	4.21	4.42			
BTP - BUND	0.50	1.32	1.72			
GILTS	4.07	4.07	4.59			

INTERNATIONAL EQUITY MARKETS

(Sources: Bloomberg / Reuters)

UNITED STATES OF AMERICA

The S&P 500 retreated from a record as investors rotated out of the big technology winners of the year, including Nvidia and Meta Platforms. The catalyst for the move was the lowest consumer price index reading in more than three years, which sent rates lower and investors into small caps and housing-related shares. Treasury yields fell following the CPI data as traders upped their bets for interest rate cuts.

EUROPE

European stocks closed higher Thursday, remaining in the green after the U.S. posted its lowest CPI reading in more than three years. Flash figures showed the U.K. economy grew by 0.4% in May, rebounding from no growth in April and coming in ahead of a 0.2% forecast.

ASIA

Japanese shares fell more than 1% after Thursday's rally in the yen prompted speculation that authorities had stepped in with official support. The currency fluctuated in early trading Friday amid local media reports the Bank of Japan was conducting so-called rate checks in the market.

Index	Close	% Daily	% M	YTD	Futures	3D % Change
DJIA	39753.75	0.08	2.69	5.48	40126.00	0.19
S&P	5584.54	-0.88	3.02	17.08	5641.25	-0.82
Nasdaq	18283.41	-1.95	3.83	21.80	20419.25	-2.30
DJ EuroStoxx50	4976.13	0.35	-1.16	10.06	5013.00	0.34
FTSE 100	8223.34	0.36	0.10	6.34	8265.50	0.58
CAC 40	7627.13	0.71	-3.02	1.11	7649.00	0.92
DAX	18534.56	0.69	-0.52	10.64	18696.00	0.70
IBEX 35	11170.00	0.89	-0.67	10.57	11196.30	1.11
FTSE MIB	34318.11	0.03	-0.12	13.07	34489.00	0.01
Nikkei	42224.02	-2.38	6.03	23.17	41230.00	-1.72
Hang Seng	17832.33	2.31	1.71	7.02	18283.00	4.47
DFM General	4090.98	0.26	2.81	0.77	N/A	N/A
MSCI Tadawoul	11792.41	0.07	1.21	-1.46	N/A	N/A
Leb. Mrkts	Closing Px	High	Low	% Daily	% Weekly	YTD
Solidere A	69.75	70.00	68.80	0.29	1.09	-21.72
Solidere B	67.40	67.50	67.35	-4.46	0.60	-25.07

MUST READ

(Source: Bloomberg/ Forexlive)

Uganda joins African countries turning to gold to support currencies

The Bank of Uganda will directly purchase gold from artisanal miners in an effort to support local miners further and reduce the importation of raw gold. The Bank of Uganda said in a report posted on its website that by purchasing domestic supplies of the precious metal, Uganda will bolster its foreign exchange reserves and reduce risks associated with traditional reserve investments. "By purchasing gold directly from the artisanal miners, the BOU will also be supporting the livelihoods of artisanal and small-scale miners, and this has positive spill-over effects on other sectors of the economy." Zimbabwe was the first African country to launch a new "structured currency" backed by gold following the central bank's plan to tackle sky-high inflation and stabilise the country's long-floundering economy. In April, the South African nation launched its ZiG currency – short for Zimbabwe Gold – backed by 2.5 tons of the precious metal. Since then, several other African countries have flirted with the idea of launching a new "structured currency" backed by gold. Ghana, Africa's second-largest bullion producer, recently informed big miners to sell 20% of what they refine to the central bank. Notably, the Central Bank of Nigeria has also announced plans to purchase all locally produced gold in an effort to shore up reserves and combat inflation. According to Bloomberg, these developments arose as African nations continue to find ways to grapple with heavy debt levels, high interest rates, and economic setbacks resulting from the COVID-19 pandemic and subsequent inflation, exacerbated by global geopolitical events such as Russia's invasion of Ukraine.

MAIN WEEKLY EARNINGS

Company	Ticker	Market Cap	Date	Time	Estimate	Year Ago
Citigroup Inc	C US	\$ 125.34B	12-Jul-24	Pre-mkt	1.39	1.37
PepsiCo	PEP US	\$ 225.20B	12-Jul-24	Pre-mkt	2.15	2.09
JPMorgan Chase	JPM US	\$ 595.73B	12-Jul-24	Pre-mkt	4.24	4.37
Bank Of New York	BK US	\$ 45.97B	12-Jul-24	Pre-mkt	1.43	1.38
Wells Fargo	WFC US	\$ 209.74B	12-Jul-24	Pre-mkt	1.29	1.25

ECONOMIC CALENDAR

(12-07-24) US - PPI Final Demand YoY
(12-07-24) US - U. of Mich. Sentiment
(15-07-24) US - Empire Manufacturing
(16-07-24) DE - ZEW Survey Expectations
(16-07-24) CA - CPI NSA MoM
(17-07-24) UK - CPI MoM / YoY
(17-07-24) US - Housing Starts

CONTACT

Banque BEMO sal
Asset Management Unit

Ashrafieh, Elias Sarkis Ave., BEMO Bldg, 4th Floor
P.O.Box 16-6353 Beirut, Lebanon
Tel: +961 1 325405/6/7/9

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