

Daily Market Brief

September 12th 2024



FOREIGN EXCHANGE MARKETS

(Sources: Bloomberg / Reuters)

EUR/USD

The EUR/USD pair struggles to gain any meaningful traction during the Asian session on Thursday and oscillates in a narrow band, just above the 1.1000 psychological mark, or a four-week low touched the previous day. Traders seem reluctant and opt to wait for the highly-anticipated ECB policy meeting before positioning for the next leg of a directional move.

GBP/USD

The GBP/USD pair remains under pressure, trading near 1.3045 as the market reacted to the latest US inflation data. Economic activity released during the European session seems to have added pressure on the pound. US CPI came in mixed and markets reduced the odds of a 50 bps cut. Earlier in the session the UK reported weak GDP figures.

USD/JPY

The USD/JPY pair fails to capitalize on modest Asian session gains to the 143.00 neighborhood and for now, seems to have stalled its goodish recovery from a nearly nine-month low touched the previous day. Spot prices currently trade around the mid-143.00s, or the lower end of the daily range and seem vulnerable to prolonging the recent well-established downtrend witnessed over the past two months or so. BoJ Tamura's hawkish remarks boost the JPY and exert downward pressure on the pair.

Fx rates	Last	High	Low	% Daily	% Weekly	% YTD
EUR-USD	1.1019	1.1022	1.1006	0.06	-0.83	-0.18
GBP-USD	1.3050	1.3054	1.3032	0.05	-0.99	2.51
USD-JPY	142.73	142.95	142.23	0.26	0.50	-1.18
USD-CHF	0.8525	0.8535	0.8517	0.02	-1.00	-1.30
Commodities	Last	High	Low	% Daily	% Weekly	% YTD
Gold	2520.22	2520.67	2511.11	0.34	0.14	22.16
Silver	28.80	28.83	28.53	0.43	-0.07	21.04
Crude Oil	68.00	68.03	67.24	1.03	-1.66	-4.20
Bitcoin	58078.59	58462.56	57238.49	1.02	7.21	36.63
Etherium	2363.06	2393.24	2334.56	0.64	4.05	3.54
Period	1M	3M	6M	12M	Rate	
EURIBOR (€)	2.68	3.39	3.16	2.68		
SOFR (\$)	5.10	4.93	4.55	3.95		
SONIA (£)	4.93	4.85	4.68	4.32		
SARON (F)	1.02	0.92	0.78	0.64		
Central Banks Rates						
US Fed Fund		5.50				
ECB Main Refinancing		4.25				
Official Bank Rate BOE		5.00				

INTERNATIONAL EQUITY MARKETS

(Sources: Bloomberg / Reuters)

UNITED STATES OF AMERICA

Stocks rose Wednesday in a bout of volatile trading, as investors weighed what the latest U.S. inflation data means for Federal Reserve policy. Tech shares led a rebound from steep session lows. Stocks initially tumbled after the core reading on the consumer price index rose slightly more than expected. Traders are now pricing in an 85% chance that the central bank will approve a 25 basis-point interest rate reduction at its Sept. 17-18 meeting.

EUROPE

European stocks were mixed on Wednesday as global markets focused on the release of the latest U.S. inflation data. Industrials and household goods stocks pulled back by 0.4% each, while tech stocks added 1.21%.

ASIA

Asia-Pacific markets opened higher on Thursday, tracking gains on Wall Street fueled by a tech rally. Japan's producer price index rose 2.5% year-on-year in August, less than the expected 2.8% and the 3% reported in the previous month. The data is among the key indicators closely watched by the Bank of Japan.

Index	Close	% Daily	% M	YTD	Futures	% Change
DJIA	40861.71	0.31	3.82	8.42	40972.00	0.16
S&P	5554.13	1.07	3.92	16.44	5572.75	0.20
Nasdaq	17395.53	2.17	3.66	15.88	19330.75	0.30
DJ EuroStoxx50	4763.58	0.35	1.96	5.36	4830.00	1.34
FTSE 100	8193.94	-0.15	-0.20	5.96	8299.00	1.12
CAC 40	7396.83	-0.14	2.02	-1.94	7512.50	1.46
DAX	18330.27	0.35	3.41	9.42	18537.00	1.05
IBEX 35	11278.90	0.67	5.94	11.65	11284.60	0.00
FTSE MIB	33174.42	-0.12	3.90	9.30	33213.00	0.00
Nikkei	35619.77	3.52	5.28	10.19	36830.00	3.13
Hang Seng	17108.71	1.18	1.16	1.55	17321.00	1.48
DFM General	4346.42	-0.94	3.45	7.06	N/A	N/A
MSCI Tadawoul	11766.40	-1.84	0.22	-1.68	N/A	N/A
Leb. Mrkts	Closing Px	High	Low	% Daily	% Weekly	YTD
Solidere A	83.90	85.00	83.00	-0.89	-6.57	-5.84
Solidere B	83.65	85.00	82.05	0.72	-1.59	-7.00

MUST READ

(Source: Bloomberg/ Forexlive)

Bank of England to hold Bank Rate this month but cut in Nov, economists say

The Bank of England will keep its main interest rate at 5.00% next week but reduce it in November even though inflation is expected to stay above the central bank's 2% target, a firm majority of economists in a Reuters poll said. In August the BoE cut its Bank Rate to 5.00% from a 16-year high of 5.25% in a tight 5-4 vote. However, Governor Andrew Bailey said it would proceed cautiously to make sure inflation stayed low. Although inflation was 2% in May and June, it rose slightly to 2.2% in July and is not predicted to dip back below target until at least 2026. The BoE lifted rates by 515 basis points between December 2021 and August 2023 to calm soaring inflation that peaked at a 41-year high of 11.1% in October 2022. It was one of the first major central banks to start raising borrowing costs after the pandemic. Despite headline inflation being close to the BoE's target, service cost increases and wage growth - closely watched by the BoE - are still above 5%, making the central bank reluctant to loosen policy too fast. The latest gross domestic product data showed Britain's economy stalled in July, as manufacturing output dropped sharply but the BoE's Monetary Policy Committee is unlikely to change its stance of slow and steady rate cuts. "The UK has still got much higher wage inflation, much higher services inflation and the best growth across the G10 for the first half of this year," said James Rossiter, head of global macro strategy at TD Securities. "It's hard to envision a world where the MPC looks at that macro backdrop and thinks that they should be cutting as fast as the Fed." Bailey reiterated at the Jackson Hole conference in late August that interest rates would have to "remain restrictive for sufficiently long" and "the course will therefore be a steady one". All 65 economists in the Sept. 6-11 poll predicted the Bank Rate will be left at 5.00% next week. Nearly 80% of economists, 49 of 65, expected one more cut this year. While 48 predicted it in November, one said December. The other 16 saw two more rate cuts this year.

MAIN WEEKLY EARNINGS

Company	Ticker	Market Cap	Date	Time	Estimate	Year Ago
Adobe Inc	ADBE US	\$ 257.34B	12-Sep-24	After-mkt	4.53	4.09
Kroger Company	KR US	\$ 37.17B	12-Sep-24	Pre-mkt	0.91	0.96
Doyu International	DOYU US	\$ 32M	12-Sep-24	Pre-mkt	-9.32	4.80
Coda Octopus Grc	CODA US	\$ 76.24M	16-Sep-24	Pre-mkt	0.10	0.00
Ferguson Entrepri	FERG US	\$ 37.97B	17-Sep-24	Pre-mkt	2.87	2.77

ECONOMIC CALENDAR

(12-09-24) JP - PPI YoY / MoM
(12-09-24) EU - ECB Deposit Facility Rate
(13-09-24) JP - Industrial Production MoM / YoY
(13-09-24) FR - CPI MoM / YoY
(13-09-24) US - University of Michigan Sentiment
(16-09-24) US - Empire Manufacturing
(17-09-24) CA - CPI NSA MoM

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