Daily Market Brief

January 13th 2025

BANQUE BEMO

FOREIGN EXCHANGE MARKETS *(Sources: Bloomberg / Reuters)*

EUR/USD

The EUR/USD pair is in negative territory, driven by a stronger US Dollar following stronger-than-expected US employment data, which has led markets to anticipate the Federal Reserve will hold rates steady in January. Meanwhile, dovish expectations for the European Central Bank, with potential interest rate cuts throughout the year, are putting additional pressure on the Euro.

GBP/USD

The GBP/USD pair faces significant selling pressure, dropping to its lowest level since November 2023, driven by concerns over stagflation and the UK's fiscal health, along with a strong US Dollar supported by expectations of the Federal Reserve pausing rate cuts. While the pair is technically oversold, further losses are likely unless a recovery can break above key resistance levels near 1.2200, with the potential for a deeper decline towards the 1.2000 mark if the bearish trend continues.

USD/JPY

The Japanese Yen (JPY) is strengthening against the US Dollar (USD), driven by a shift in global risk sentiment and geopolitical concerns, alongside expectations of a potential interest rate hike by the Bank of Japan (BoJ). However, the widening US-Japan yield differential and ongoing US Dollar buying may limit further gains for the JPY, with traders cautious ahead of upcoming US inflation data.

Fx rates	Last	High	Low	% Daily	% Weekly	% YTD
EUR-USD	1.0215	1.0250	1.0208	-0.28	-1.68	-1.34
GBP-USD	1.2142	1.2221	1.2126	-0.53	-3.02	-2.99
USD-JPY	157.58	157.97	157.25	-0.10	0.03	-0.24
USD-CHF	0.9170	0.9179	0.9155	0.07	-1.35	-1.05
Commodities	**Last**	**High**	**Low**	**% Daily**	**% Weekly**	**% YTD**
Gold	2690.18	2694.68	2679.43	0.02	2.04	2.50
Silver	30.26	30.51	30.10	-0.48	1.02	4.70
Crude Oil	78.14	78.39	76.54	2.05	6.23	8.95
Bitcoin	93450.01	95862.48	93240.53	-0.92	-1.07	-0.28
Etherium	3185.28	3336.87	3180.12	-2.44	-3.43	-4.82

Period	1M	3M	6M	12M
SOFR ($)	4.30	4.29	4.24	4.18
ESTR (€)	2.28	2.66	2.46	2.28
SONIA (£)	4.69	4.59	4.53	4.48
SARON (F)	0.44	0.37	0.26	0.15
TONAR (¥)	0.22	0.22	0.21	0.13

	Rates
U.S. Federal Fund Target Rate	4.50
ECB Main Refinancing Operation Announcement Rate	3.15
ECB Deposit Facility Announcement Rate	3.00
ECB Marginal Lending Facility Announcement Rate	3.40
BOE Official Bank Rate	4.75

INTERNATIONAL EQUITY MARKETS *(Sources: Bloomberg / Reuters)*

UNITED STATES OF AMERICA

Stocks dropped on Friday after a hot jobs report dampened Wall Street's expectations for more interest rate cuts from the Federal Reserve this year. The yield on the 10-year Treasury note spiked to its highest level since late 2023 after the report.

EUROPE

European markets closed lower on Friday, as investors reacted to the latest nonfarm payroll data out of the United States. Euro zone government bond yields climbed to fresh multi-month highs following the release. Investors had also been monitoring developments in the U.K. market on Friday, as yields on some British government bonds hit their highest levels in decades this week.

ASIA

Asia-Pacific markets traded lower Monday, after U.S. jobs report on Friday dampened investors' hopes for early interest rate cuts by the Federal Reserve. China's exports and imports in December beat expectations by a significant margin. Investors in Asia will continue to keep an eye on Chinese bond yields after the country's central bank suspended purchases of government bonds.

Index	Close	% Daily	% M	YTD	Futures	% Change
DJIA	41938.45	-1.63	-4.31	-1.42	42099.00	-1.82
S&P	5827.04	-1.54	-3.70	-0.93	5843.75	-1.93
Nasdaq	19161.63	-1.63	-3.84	-0.77	20906.25	-2.12
DJ EuroStoxx50	4977.26	-0.81	0.19	1.66	4980.00	-1.07
FTSE 100	8248.49	-0.86	-0.62	0.92	8242.50	-0.94
CAC 40	7431.04	-0.79	0.29	0.68	7434.50	-0.81
DAX	20214.79	-0.50	-0.94	1.54	20311.00	-0.68
IBEX 35	11720.90	-1.50	-0.27	1.09	11724.60	-1.21
FTSE MIB	35090.23	-0.64	0.58	2.64	35172.00	-0.66
Nikkei	39190.40	-1.05	-0.71	-1.77	38770.00	-2.00
Hang Seng	19064.29	-1.20	-5.69	-6.11	18862.00	-2.28
DFM General	5228.32	0.46	8.75	1.82	N/A	N/A
MSCI Tadawoul	12126.97	0.24	0.23	0.75	N/A	N/A

Leb. Mrkts	Closing Px	High	Low	% Daily	% Weekly	YTD
Solidere A	126.00	126.00	111.10	5.88	17.76	5.00
Solidere B	125.00	126.00	115.00	14.05	13.74	4.60

MUST READ *(Source: Bloomberg/ Forexlive)*

BofA bets on a potential Fed rate hike after jobs report, top Wall-St brokers revise forecasts

Top Wall Street brokerages adjusted their Federal Reserve rate cut predictions following a strong U.S. jobs report on Friday. Bank of America (BofA) revised its outlook, suggesting that the Fed's rate-cutting cycle may be over, with a potential rate hike more likely than a cut in the near future. The U.S. economy added 256,000 jobs in December, significantly more than the 160,000 jobs economists had anticipated, although revisions to previous months showed a slight downward adjustment. Market expectations showed a 76.31% probability of a 25 basis point rate cut in June, as per the CME FedWatch tool. J.P. Morgan and Goldman Sachs both moved their rate cut forecasts to June, pushing back their previous predictions for March. JPMorgan analysts noted that it would take a notably weak jobs report to prompt rate cuts by March. Similarly, Wells Fargo and ING expressed skepticism about a March rate cut, highlighting concerns about persistent inflation. Morgan Stanley, however, noted that while the strong jobs report reduced the probability of near-term rate cuts, they still expected a March cut due to their positive inflation outlook.

MAIN WEEKLY EARNINGS

Company	Ticker	Market Cap	Date	Time	Estimate	Year Ago
KB Home	KBH US	$ 4.63B	13-Jan-25	Aft-mkt	2.44	1.85
Blackrock Inc	BLK US	$ 148.00B	15-Jan-25	Pre-mkt	11.53	9.66
JPMorgan Chase	JPM US	$ 675.32B	15-Jan-25	Pre-mkt	4.10	3.97
Citigroup	C US	$ 135.04B	15-Jan-25	Pre-mkt	1.22	0.84
Goldman Sachs	GS US	$ 182.26B	15-Jan-25	Pre-mkt	8.20	5.48

ECONOMIC CALENDAR

(13-01-25) US - NY Fed 1-Year Inflation Expectations
(14-01-25) US - PPI Final Demand MoM
(15-01-25) UK - CPI MoM / YoY
(15-01-25) FR - CPI EU Harmonized MoM / YoY
(15-01-25) US - Empire Manufacturing
(15-01-25) US - CPI MoM / YoY / Core CPI
(16-01-25) JP - PPI YoY / MoM

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