

Daily Market Brief

December 13th 2023



FOREIGN EXCHANGE MARKETS

(Sources: Bloomberg / Reuters)

EUR/USD

The EUR/USD pair remains capped under the 1.0800 mark during the early Asian trading hours on Wednesday. The Federal Reserve (Fed) and the European Central Bank (ECB) will announce their decisions on monetary policy on Wednesday and Thursday, respectively. The ECB is expected to leave interest rates unchanged at its December meeting on Thursday, even though eurozone inflation is falling much closer to its 2.0% target.

GBP/USD

GBP/USD exhibits a sideways movement as it braces for a barrage of data releases from both nations, hovering above 1.2550 in the Asian session on Wednesday. The GBP/USD pair experienced notable volatility in the previous session, driven by employment data from the United Kingdom (UK) and inflation figures from the United States (US).

USD/JPY

In Tuesday's session, the USD/JPY pair is facing a downward shift. This movement comes as market participants digest the implications of the US Consumer Price Index (CPI) data which confirmed another monthly deceleration. These figures reveal decelerating inflationary pressures in the US economy, which could influence future Federal Reserve (Fed) monetary decisions.

Fx rates	Last	High	Low	% Daily	% Weekly	% YTD
EUR-USD	1.0782	1.0800	1.0780	-0.11	0.17	0.72
GBP-USD	1.2529	1.2571	1.2527	-0.27	-0.25	3.69
USD-JPY	145.94	145.99	145.19	0.34	0.94	-10.15
USD-CHF	0.8763	0.8766	0.8739	0.11	-0.17	5.50
Commodities	Last	High	Low	% Daily	% Weekly	% YTD
Gold	1974.37	1982.88	1973.15	-0.26	-2.53	8.24
Silver	22.64	22.82	22.62	-0.60	-5.27	-5.49
Crude Oil	68.05	68.86	67.92	-0.82	-1.92	-11.38
Bitcoin	40915.25	41536.59	40623.18	-0.42	-8.17	147.38
Etherium	2158.05	2206.65	2146.49	-0.65	-8.91	79.93
Period	1 M	3 M	12 M			
EURIBOR	3.86	3.96	3.75			
SOFR	5.36	5.39	5.13			
Notes/Bonds	2 Y	10 Y	30 Y			
US	4.73	4.20	4.30			
BTP - BUND	0.62	1.78	2.14			
GILTS	4.53	3.97	4.47			

INTERNATIONAL EQUITY MARKETS

(Sources: Bloomberg / Reuters)

UNITED STATES OF AMERICA

All three major indexes touched new intraday 52-week highs on Tuesday, with the S&P 500 hitting its highest intraday level since January 2022. The consumer price index rose 3.1% in November year over year and 0.1% month over month. Economists polled by Dow Jones forecast a 3.1% annual increase. Traders will now turn their attention to the Fed's policy announcement.

EUROPE

France and Germany's benchmark stock indexes briefly touched record highs on Tuesday after data showed U.S. consumer prices unexpectedly rose last month, adding to nervousness in a week packed with interest rate decisions by major central banks.

ASIA

Stocks in Asia declined ahead of the Federal Reserve's last decision this year, led by selling in China after a top leadership meeting disappointed investors with a lack of strong economic support measures. A regional gauge slipped as much as 0.4% as shares fell across the board in both Hong Kong and mainland China, with property developers among the biggest losers.

Index	Close	% Daily	% M	YTD	Futures	% Change
DJIA	36577.94	0.48	6.52	10.35	36627.00	0.08
S&P	4643.70	0.46	5.26	20.95	4701.75	0.09
Nasdaq	14533.40	0.70	5.56	38.86	16383.50	0.13
DJ EuroStoxx50	4536.61	-0.08	7.19	19.59	4539.00	-0.02
FTSE 100	7542.77	-0.03	1.57	1.22	7552.00	-0.05
CAC 40	7543.55	-0.11	6.44	16.53	7541.50	N/A
DAX	16791.74	-0.02	9.43	20.60	16803.00	-0.04
IBEX 35	10118.70	-0.78	6.94	22.96	10126.20	N/A
FTSE MIB	30342.15	-0.28	4.90	27.99	30377.00	N/A
Nikkei	32926.35	0.25	1.05	26.18	32830.00	0.37
Hang Seng	16374.50	-1.38	-7.33	-18.37	16170.00	-1.37
DFM General	3937.28	0.11	-1.04	18.15	N/A	N/A
MSCI Tadawoul	11395.00	0.12	5.61	8.75	N/A	N/A

Leb. Mrkts	Closing Px	High	Low	% Daily	% Weekly	YTD
Solidere A	70.00	70.00	70.00	0.14	3.09	14.94
Solidere B	69.05	77.00	68.00	-1.85	5.90	14.42

MUST READ

(Source: Bloomberg/ Forexlive)

China's banking system is in free fall and the country's real estate losses could hit \$4 trillion

China's banking system is collapsing, and the real estate crisis in the country could end up wiping out \$4 trillion from its financial system, according to veteran investor Kyle Bass. In an interview with Andrew Ross Sorkin, the Hayman Capital Management CIO pointed to China's property sector, which has been reeling in recent years as debts from major property owners sour and some firms default on their bonds. The real estate crisis has left enough empty homes in China to house 3 billion people, a former top Chinese official said, and the flood of unused supply will generation huge financial losses in the real estate sector. Those losses are bound to have a big impact on China's banking system, which is highly-levered, Bass said. Meanwhile, China's local real estate market is mostly financed through local government financing vehicles, a market worth around \$13 trillion, though much of that debt financing now in default, Bass said. That suggests China's banking losses could dwarf those seen in the US during the Great Financial Crisis, when US banks lost around \$700 billion. Experts have warned that China's property sector could be troubled for a long time. Developers in the country embarked on a massive building spree in the last decade—much of it financed with debt—and that supply now has vastly surpassed the demand for housing.

MAIN WEEKLY EARNINGS

Company	Ticker	Market Cap	Date	Time	Estimate	Year Ago
ABM Industries In	ABM US	\$2.91B	13-Dec-23	Pre-mkt	0.92	0.89
Nordson Corpora	NDSN US	\$13.56B	13-Dec-23	Aft-mkt	2.40	2.44
Uranium Royalty	UROY US	\$0.31B	14-Dec-23	Pre-mkt	N/A	-0.02
Costco Wholesale	COST US	\$279.39B	14-Dec-23	Aft-mkt	3.41	3.07
Lennar Corp A	LEN US	\$39.61B	14-Dec-23	Aft-mkt	4.59	5.02

ECONOMIC CALENDAR

(13-12-23) UK - Industrial Production MoM
(13-12-23) US - MBA Mortgage Applications/ PPI Final Demand MoM
(13-12-23) US - FOMC Rate Decision (Upper Bound)
(14-12-23) JP - Core Machine Orders MoM
(14-12-23) UK - Bank of England Bank Rate
(14-12-23) EA - ECB Main Refinancing Rate
(14-12-23) CA - Manufacturing Sales MoM

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