

Daily Market Brief

December 14th 2023



FOREIGN EXCHANGE MARKETS

(Sources: Bloomberg / Reuters)

EUR/USD

EUR/USD moves on an upward trajectory that began on Monday on the back of dovish sentiment around the Federal Reserve's (Fed) Interest Rate Decision. The Federal Reserve, in line with widespread expectations, decided to keep interest rates unchanged at 5.5% on Tuesday. ECB is expected to not adjust its current interest rate stance.

GBP/USD

The GBP/USD pair surges to one-week highs above the 1.2600 mark during the early Asian trading hours on Thursday. The uptick of the pair is bolstered by the weaker US Dollar (USD) and the dovish comments after the Federal Reserve (Fed) meeting. Investors await the Bank of England monetary policy meeting, with no change in interest rate expected.

USD/JPY

In Wednesday's session, the USD/JPY pair witnessed a downward journey, plunging to 143.70, driven by the speculation surrounding the Federal Reserve's anticipated rate cuts. In December's monetary policy statement, the Federal Reserve left rates unchanged at 5.25%-5.50% and anticipated making three 25-basis-point reductions in 2024. During the press conference, Powell was seen as cautious. He recognized that inflation is on its path to reaching the 2% target but is still high and that more tightening will be considered if data justifies it.

Fx rates	Last	High	Low	% Daily	% Weekly	% YTD
EUR-USD	1.0900	1.0915	1.0874	0.24	0.98	1.82
GBP-USD	1.2641	1.2653	1.2617	0.18	0.37	4.62
USD-JPY	141.63	142.90	140.97	-0.89	1.77	-7.42
USD-CHF	0.8689	0.8717	0.8666	-0.32	0.75	6.40
Commodities	Last	High	Low	% Daily	% Weekly	% YTD
Gold	2034.49	2039.32	2024.59	0.33	0.30	11.54
Silver	23.92	23.98	23.76	0.44	0.50	-0.14
Crude Oil	69.79	70.10	69.54	0.46	0.65	-9.12
Bitcoin	42911.12	43450.19	42683.76	-0.19	-2.44	159.45
Etherium	2274.14	2282.95	2246.69	0.56	-3.44	89.61
Period	1 M	3 M	12 M			
EURIBOR	3.86	3.93	3.75			
SOFR	5.36	5.38	5.11			
Notes/Bonds	2 Y	10 Y	30 Y			
US	4.33	3.95	4.12			
BTP - BUND	0.61	1.76	2.13			
GILTS	4.38	3.83	4.33			

INTERNATIONAL EQUITY MARKETS

(Sources: Bloomberg / Reuters)

UNITED STATES OF AMERICA

The Dow Jones Industrial Average jumped to a record Wednesday as the Federal Reserve signaled it would cut rates several times next year, satisfying investors who hoped the central bank would finally start to acknowledge the slowing trend of inflation with a less-aggressive monetary stance.

EUROPE

European markets closed flat on Wednesday as investors awaited the U.S. Federal Reserve's last monetary policy decision of the year. After maintaining moderate gains for most of the session, the pan-European Stoxx 600 closed 0.01% lower. Chemical stocks led gains, up 1.13%, while telecoms stocks were down 1.27%.

ASIA

Asian stocks broadly rallied on Thursday, after the U.S. Federal Reserve flagged the end of its tightening cycle and struck a dovish tone for the year ahead. MSCI's broadest index of Asia-Pacific shares outside Japan shot up 1.8%, its biggest one-day percentage jump in a month. Mainland Chinese blue chips edged up by 0.2%, while Hong Kong's benchmark advanced 1.2%. Australian shares were up 1.6%.

Index	Close	% Daily	% M	YTD	Futures	% Change
DJIA	37090.24	1.40	6.50	11.90	37206.00	0.26
S&P	4707.09	1.37	4.70	22.60	4778.25	0.37
Nasdaq	14733.96	1.38	4.54	40.77	16664.25	0.62
DJ EuroStoxx50	4530.19	-0.14	5.56	19.42	4584.00	1.15
FTSE 100	7548.44	0.08	1.45	1.30	7628.00	0.90
CAC 40	7531.22	-0.16	4.81	16.33	7535.00	N/A
DAX	16766.05	-0.15	7.38	20.41	16959.00	1.12
IBEX 35	10096.10	-0.22	4.91	22.69	10104.60	N/A
FTSE MIB	30295.69	-0.15	3.24	27.79	30319.00	N/A
Nikkei	32686.25	-0.73	-0.03	25.26	32520.00	-0.94
Hang Seng	16228.75	1.13	-5.66	-17.03	16440.00	1.03
DFM General	3939.31	0.49	-0.37	18.66	N/A	N/A
MSCI Tadawoul	11401.47	0.06	5.01	8.81	N/A	N/A

Leb. Mrkts	Closing Px	High	Low	% Daily	% Weekly	YTD
Solidere A	75.05	78.00	70.30	7.21	8.61	23.23
Solidere B	75.40	77.50	67.05	9.20	11.37	24.94

MUST READ

(Source: Bloomberg/ Forexlive)

China has a deflation problem, that's good news for the West

China is seeing prices head down again as its economic difficulties persist, but Beijing's woes could be wins for the West, analysts say. That's because China's deflationary trend could create a drag on prices that run hotter than desired in places like the US. "The longer that China fails to show that it can recover, the likelier that inflation expectations will decline in the West, as fears that China can export its deflation to the rest of the world through international trade will gain ground," strategist Thierry Wizman from Macquarie shared in a note on Monday. China's consumer price index dropped 0.5% in November from a year ago, the worst decline since the depths of the pandemic. That dashed hopes for a recovery after prices rebounded earlier this year from a prior dip into negative territory. On the other side of the globe, the US consumer inflation over the same period slowed to a 3.1% annual rate from 3.2% in the prior month. While Wall Street welcomes slower inflation, it still runs above the Federal Reserve's 2% target. And with American investors trying to guess when the Fed will begin to slash elevated interest rates, those inflation numbers are under extra focus. China's deflation isn't a shocker as it's a symptom of an intense economic hangover from a crumbling property sector, a hemorrhage of foreign capital, and lackluster post-pandemic growth.

MAIN WEEKLY EARNINGS

Company	Ticker	Market Cap	Date	Time	Estimate	Year Ago
Uranium Royalty I	UROY US	\$0.31B	14-Dec-23	Pre-mkt	N/A	-0.02
Costco Wholesale	COST US	\$284.94B	14-Dec-23	Aft-mkt	3.41	3.07
Lennar Corp A	LEN US	\$40.87B	14-Dec-23	Aft-mkt	4.59	5.02
Quanex Building F	NX US	\$1.09B	14-Dec-23	Aft-mkt	0.69	0.75
Darden Restaurar	DRI US	\$19.55B	15-Dec-23	Pre-mkt	1.74	1.52

ECONOMIC CALENDAR

(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
(14-12-23) US - Retail Sales Advance MoM
(14-12-23) US - Initial Jobless Claim
(15-12-23) UK - Gfk Consumer Confidence

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