

FOREIGN EXCHANGE MARKETS

(Sources: Bloomberg / Reuters)

EUR/USD

EUR/USD recovered ground on Tuesday, vaulting back over the 1.0800 handle and settling near 1.0820 at the tail end of the American market session. The pair is heading into a densely-packed economic data docket on Wednesday, with European Gross Domestic Product (GDP) and US Consumer Price Index (CPI) inflation figures due throughout the day.

GBP/USD

The GBP/USD pair consolidates its gains around 1.2590 during the early Asian session on Wednesday. The major pair holds above the key 100-day Exponential Moving Average (EMA) but remains capped under the 1.2600 hurdle. The US Consumer Price Index and Retail Sales report for April will be in the spotlight. Also, the Fed's Kashkari and Bowman are due to speak.

USD/JPY

The USD/JPY pair trades in positive territory for the fourth consecutive day near 156.55 on Wednesday during the early Asian session. The uptick of the pair is bolstered by the speculation that the Federal Reserve (Fed) might maintain rates higher for longer amid the elevated inflation. However, the fear that Japanese authorities could intervene in the foreign exchange markets might cap the upside of USD/JPY.

Fx rates	Last	High	Low	% Daily	% Weekly	% YTD
EUR-USD	1.0828	1.0828	1.0813	0.08	0.74	-1.91
GBP-USD	1.2600	1.2600	1.2584	0.06	0.82	-1.03
USD-JPY	156.29	156.56	156.18	-0.08	-0.49	-9.76
USD-CHF	0.9055	0.9071	0.9054	-0.11	0.28	-7.08
Commodities	Last	High	Low	% Daily	% Weekly	% YTD
Gold	2359.74	2361.01	2354.99	0.07	2.20	14.39
Silver	28.63	28.64	28.44	0.04	4.75	20.32
Crude Oil	78.61	78.75	78.28	0.76	-0.48	9.00
Bitcoin	61934.88	62046.25	61325.81	0.58	2.37	45.70
Etherium	2906.87	2912.14	2863.07	0.54	0.51	27.36
Period	1 M	3 M	12 M			
EURIBOR	3.83	3.83	3.65			
SOFR	5.32	5.33	5.16			
Notes/Bonds	2 Y	10 Y	30 Y			
US	4.81	4.43	4.57			
BTP - BUND	0.51	1.34	1.73			
GILTS	4.32	4.17	4.65			

INTERNATIONAL EQUITY MARKETS

(Sources: Bloomberg / Reuters)

UNITED STATES OF AMERICA

Stocks rose Tuesday following the release of fresh U.S. economic data, while investors waited for another key inflation report. The PPI reading for April came in above estimates, putting a damper on expectations that the Federal Reserve would begin cutting rates later this year. The market's initial reaction was negative, but moves were contained as the March wholesale prices reading was revised down to show a 0.1% decline.

EUROPE

European stocks closed slightly higher on Tuesday as global investors reacted to the latest U.S. inflation data. Shares of British miner Anglo American fell 3.2% after it announced a strategic overhaul to simplify its business amid ongoing takeover attempts by rival BHP Group.

ASIA

Asia-Pacific markets were mixed on Tuesday as stocks on Wall Street stumbled overnight. Data from the Bank of Japan showed that corporate inflation was steady in April compared with a year earlier, but import prices jumped 6.4% year over year last month, most likely due to the yen's sharp declines.

Index	Close	% Daily	% M	YTD	Futures	% Change
DJIA	39558.11	0.32	4.83	4.96	39686.00	0.04
S&P	5246.68	0.48	3.65	10.00	5271.75	0.07
Nasdaq	16511.18	0.75	3.94	9.99	18406.00	-0.01
DJ EuroStoxx50	5080.29	0.03	1.92	12.36	5088.00	0.20
FTSE 100	8428.13	0.16	5.81	8.99	8476.50	0.40
CAC 40	8225.80	0.20	2.25	9.05	8246.00	0.22
DAX	18716.42	-0.14	3.83	11.73	18887.00	0.23
IBEX 35	11239.30	0.78	5.17	11.26	11240.40	0.00
FTSE MIB	35151.42	0.96	3.53	15.81	34859.00	0.00
Nikkei	38356.06	-0.03	-2.26	14.59	38350.00	0.10
Hang Seng	19073.71	-0.22	14.90	11.89	19062.00	-0.08
DFM General	4136.85	-0.87	-2.52	1.90	N/A	N/A
MSCI Tadawoul	12120.91	-1.13	-4.62	1.28	N/A	N/A

Leb. Mrkts	Closing Px	High	Low	% Daily	% Weekly	YTD
Solidere A	69.95	70.00	62.15	0.43	-0.07	-21.49
Solidere B	66.15	69.00	66.00	-5.50	-1.27	-26.46

MUST READ

(Source: Bloomberg/ Forexlive)

On politically-neutral gold & the US dollar weaponization

Gold prices are on a tear recently thanks to strong buying by central banks — a signal that the precious metal is increasingly seen as a geopolitical hedge. Last week, a top International Monetary Fund official pointed to gold's role in a potential fragmentation of the global economic and financial order. In particular, some countries are rethinking their heavy reliance on the US dollar in their international transactions and foreign reserve holdings, she said. Central banks accounted for one-quarter of gold demand in 2022 and 2023, as the institutions bought over 1,000 tons of gold each year, according to the World Gold Council in a recent report. The world's central banks continued buying gold, snapping up 290 tons of gold in the first quarter of this year — the strongest start to any year on record, according to the council. Concerns about the US dollar's outsized influence and power in the world economy have been brewing for years. The West's unprecedented slate of sanctions and weaponization of the dollar against Russia over the invasion of Ukraine have heightened the push for de-dollarization. Countries around the world — particularly those aligned with China — are increasingly hedging their political risks by loading up on alternative assets, and in particular, gold. This suggests that gold purchases by some central banks may have been driven by concerns about sanctions risk, Gopinath said. The ongoing gold rush is not just based on geopolitics. Gold's current price surge is also helped by a strong dollar, which is spurring some emerging countries to hedge their currency risks.

MAIN WEEKLY EARNINGS

Company	Ticker	Market Cap	Date	Time	Estimate	Year Ago
Cisco Systems Inc	CSCO US	\$ 198.21B	15-May-24	Aft-mkt	0.82	1.00
ZTO Express	ZTO US	\$ 17.54B	15-May-24	Aft-mkt	12.03	10.90
Deere & Co	DE US	\$ 114.90B	16-May-24	Pre-mkt	7.86	10.11
Walmart Inc	WMT US	\$ 482.35B	16-May-24	Pre-mkt	0.53	0.49
Under Armour	UAA US	\$ 2.94B	16-May-24	Pre-mkt	0.08	0.18

ECONOMIC CALENDAR

(15-05-24) US - CPI MoM / Core CPI MoM
(15-05-24) US - Retail Sales Advance MoM
(16-05-24) JP - GDP Annualized SA QoQ
(16-05-24) JP - Industrial Production MoM
(16-05-24) US - Initial Jobless Claims
(16-05-24) US - Housing Starts MoM
(16-05-24) US - Philadelphia Fed Business Outlook

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