Daily Market Brief

December 16th 2024

BANQUE BEMO

FOREIGN EXCHANGE MARKETS

(Sources: Bloomberg / Reuters)

EUR/USD

EUR/USD extends its gains to 1.0520 as the US Dollar weakens due to lower US Treasury yields ahead of the Federal Reserve's expected 25 basis point rate cut on Wednesday. The Euro is supported by political stability in France and a cautious tone from the European Central Bank regarding rate cuts, with ECB officials emphasizing the importance of price stability over economic stimulus.

GBP/USD

The GBP/USD pair rises slightly after snapping a three-day losing streak, trading around 1.2630, ahead of crucial central bank meetings this week, including the Federal Reserve's expected rate cut on Wednesday and the Bank of England's decision on Thursday. The Fed's policy statement, economic projections, and Jerome Powell's comments will be key for USD dynamics, while the BoE is expected to hold rates steady, with concerns about future inflation limiting bullish sentiment for the British Pound.

USD/JPY

The Japanese Yen falls to a three-week low against the US Dollar, weighed down by expectations that the Bank of Japan will not raise interest rates and rising US Treasury yields. While stronger-than-expected Japanese economic data provided no relief, traders are cautious ahead of the Bank of Japan's decision and the Federal Reserve's policy meeting this week, with geopolitical risks offering limited support to the Yen.

Fx rates	Last	High	Low	% Daily	% Weekly	% YTD
EUR-USD	1.0513	1.0523	1.0484	0.11	-0.39	-4.76
GBP-USD	1.2633	1.2640	1.2612	0.11	-0.92	-0.77
USD-JPY	153.75	153.97	153.33	0.07	-1.65	-8.27
USD-CHF	0.8910	0.8937	0.8903	-0.19	-1.36	-5.57
Commodities	**Last**	**High**	**Low**	**% Daily**	**% Weekly**	**% YTD**
Gold	2653.47	2655.73	2643.61	0.20	-0.26	28.62
Silver	30.58	30.63	30.47	0.08	-3.95	28.51
Crude Oil	70.89	71.44	70.78	-0.56	3.69	1.36
Bitcoin	105159.97	106493.43	102617.39	2.26	3.49	147.39
Etherium	3962.41	4021.35	3849.50	2.77	3.40	73.61

Period	1M	3M	6M	12M
SOFR ($)	4.38	4.35	4.26	4.14
ESTR (€)	2.18	2.78	2.48	2.18
SONIA (£)	4.69	4.63	4.52	4.35
SARON (₣)	0.43	0.44	0.30	0.15
TONAR (¥)	0.22	0.22	0.19	0.11

	Rates
U.S. Federal Fund Target Rate	4.75
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

The Dow Jones Industrial Average fell for a seventh session on Friday, posting its longest run of losses since 2020. The Federal Reserve's decision on Dec. 18 stateside will be top of mind for investors, with the CME Fedwatch tool forecasting a 96% chance of a 25-basis-points cut.

EUROPE

European markets closed lower Friday as investors reacted to disappointing data prints from two of the region's largest economies. Friday's downbeat mood followed unexpected declines in both U.K. GDP and key export data from Germany. In France, President Emmanuel Macron named Francois Bayrou his new prime minister on Friday.

ASIA

Asia-Pacific markets were mostly down on Monday, reversing earlier gains with investors looking to several major central back decisions due this week including the Bank of Japan and the People's Bank of China. The BOJ is likely to hold rates when it releases its decision on Thursday, while the PBOC will announce its loan prime rates on Friday.

Index	Close	% Daily	% M	YTD	Futures	% Change
DJIA	43828.06	-0.20	0.88	16.29	43900.00	-0.18
S&P	6051.09	0.00	3.07	26.86	6058.25	-0.05
Nasdaq	19926.72	0.12	6.67	32.74	21800.50	0.68
DJ EuroStoxx50	4967.95	0.05	3.61	9.88	4963.00	-0.20
FTSE 100	8300.33	-0.14	2.94	7.33	8293.50	-0.31
CAC 40	7409.57	-0.15	1.92	-1.77	7414.50	-0.17
DAX	20405.92	-0.10	6.22	21.81	20412.00	-0.18
IBEX 35	11752.10	-0.11	1.00	16.33	11740.40	-0.23
FTSE MIB	34888.79	0.09	2.04	14.95	34910.00	0.07
Nikkei	39470.44	-0.03	2.11	17.91	39440.00	-0.93
Hang Seng	19971.24	-0.95	1.83	16.04	19800.00	-3.14
DFM General	4829.63	3.46	5.42	23.07	N/A	N/A
MSCI Tadawoul	12059.53	-0.33	2.28	1.07	N/A	N/A

Leb. Mrkts	Closing Px	High	Low	% Daily	% Weekly	YTD
Solidere A	92.00	92.00	90.00	0.44	2.22	3.25
Solidere B	92.00	92.00	92.00	2.22	2.22	2.28

MUST READ

(Source: Bloomberg/ Forexlive)

Moody's downgrades France credit rating to Aa3

Ratings agency Moody's downgraded France's credit rating Saturday, December 13, to Aa3 with a stable outlook, following months of political crisis and the appointment of centrist Francois Bayrou as prime minister. Moody's cited France's "political fragmentation" in its decision, which comes after parliament ousted Michel Barnier's government in a historic no-confidence vote following a standoff over an austerity budget. "The decision to downgrade France's ratings to Aa3 reflects our view that France's public finances will be substantially weakened by the country's political fragmentation which, for the foreseeable future, will constrain the scope and magnitude of measures that could narrow large deficits," the ratings agency said in a statement. Bayrou's appointment makes him France's fourth prime minister this year, with Barnier being booted out after just three months in office. The newly appointed premier faces the immediate challenge of forming a cabinet that can survive a no-confidence vote in a divided parliament and thrashing out a 2025 budget in a bid to limit economic turmoil. "In a highly politically fragmented environment, there is now very low probability that the next government will sustainably reduce the size of fiscal deficits beyond next year," Moody's said. The ratings agency opened the door to downgrading France in October, when it changed the country's outlook from stable to negative.

MAIN WEEKLY EARNINGS

Company	Ticker	Market Cap	Date	Time	Estimate	Year Ago
Heico Corporatio	HEI US	$ 30.9B	17-Dec-24	Aft-mkt	0.96	0.74
General Mills Inc	GIS US	$ 37.02B	18-Dec-24	Pre-mkt	1.22	1.25
Jabil Inc	JBL US	$ 15.09B	18-Dec-24	Pre-mkt	1.88	2.60
Micron Technolog	MU US	$ 114.19B	18-Dec-24	Aft-mkt	1.77	-0.95
Lennar Corporatic	LEN US	$ 41.66B	18-Dec-24	Aft-mkt	4.20	5.17

ECONOMIC CALENDAR

(16-12-24) EC - HCOB Eurozone Composite / Manufacturing / Services PMI
(16-12-24) US - Empire Manufacturing
(16-12-24) US - S&P Global US Manufacturing / Services / Composite PMI
(17-12-24) UK - ILO Unemployment Rate 3Mths
(17-12-24) DE - ZEW Survey Expectations / Current Situation
(17-12-24) CA - CPI NSA MoM / CPI YoY
(17-12-24) US - Industrial Production MoM

CONTACT

Banque BEMO sal
Asset Management Unit

Ashrafieh, Elias Sarkis Ave., BEMO Bldg, 4th Floor
P.O.Box 16-6353 Beirut, Lebanon
Tel: +961 1 325405/6/7/9

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