

Daily Market Brief

May 17th 2024



FOREIGN EXCHANGE MARKETS

(Sources: Bloomberg / Reuters)

EUR/USD

EUR/USD eased slightly on Thursday, falling back below 1.0880 as the Greenback broadly recovers losses from earlier in the week. The pair remains notably up for the trading week, but a late break for the US Dollar is on the cards as investors second-guess Fed stance on rate cuts and keep one foot in the safe haven USD. Next week brings PMI figures for both the EU and the US.

GBP/USD

The GBP/USD pair posts modest gains near 1.2670 during the early Asian session on Friday. Meanwhile, the DXY recovers some lost ground after retracing to multi-week lows near 104.00 in the previous session. The Fed sticks to cautious tones regarding inflation and the chance of rate cuts this year. Investors will take more cues from the Fed's Kashkari, Waller, and Daly speeches later in the day. BoE's Greene noted she wants more data on price pressures easing before it starts cutting its rate.

USD/JPY

USD/JPY rose to near 155.90 during the Asian session on Friday as the JPY encountered renewed pressure. This was sparked by the BoJ maintaining its bond-buying amounts from the previous operation, opting against a surprise cut to debt purchasing earlier in the week. Former BOJ chief economist Toshitaka Sekine suggested the central bank could raise the rate three times in 2024.

Fx rates	Last	High	Low	% Daily	% Weekly	% YTD
EUR-USD	1.0865	1.0869	1.0854	-0.02	0.87	-1.58
GBP-USD	1.2663	1.2673	1.2652	-0.06	1.10	-0.53
USD-JPY	155.74	155.93	155.33	0.22	0.03	-9.44
USD-CHF	0.9068	0.9074	0.9055	0.07	-0.03	-7.21
Commodities	Last	High	Low	% Daily	% Weekly	% YTD
Gold	2382.76	2383.08	2374.07	0.25	0.94	15.50
Silver	29.70	29.74	29.46	0.42	5.38	24.81
Crude Oil	79.53	79.53	79.14	0.38	1.62	10.27
Bitcoin	65612.45	65878.95	65123.06	0.51	7.08	54.35
Etherium	2944.11	2957.55	2928.42	0.20	0.74	29.00
Period	1 M		3 M		12 M	
EURIBOR	3.83		3.82		3.68	
SOFR	5.32		5.33		5.11	
US Fed Rate		5.31				
Notes/Bonds	2 Y		10 Y		30 Y	
US	4.78		4.37		4.51	
BTP - BUND	0.48		1.30		1.69	
GILTS	4.27		4.08		4.56	

INTERNATIONAL EQUITY MARKETS

(Sources: Bloomberg / Reuters)

UNITED STATES OF AMERICA

The Dow Jones Industrial Average closed slightly lower Thursday after briefly jumping above 40,000 for the first time. The Dow's march toward 40,000 comes as expectations of interest rate cuts and enthusiasm around artificial intelligence boost investor sentiment. The first Federal Reserve rate cut is priced in for September, according to the CME Group's FedWatch Tool.

EUROPE

European stocks closed lower Thursday as earnings weighed on a relief rally for global markets following softer-than-expected U.S. inflation data. BT closed 17% higher after announcing another cost-cutting program.

ASIA

Asia-Pacific markets rose Thursday after Wall Street benchmarks closed at record highs overnight on soft inflation data, while investors assessed Japan GDP data. Japan's first-quarter GDP contracted at an annualized rate of 2%, more than the 1.5% expected in a Reuters poll. The latest data could likely jeopardize the Bank of Japan's plans to raise interest rates.

Index	Close	% Daily	% M	YTD	Futures	% Change
DJIA	39869.38	-0.10	5.60	5.78	40000.00	-0.03
S&P	5297.10	-0.21	5.47	11.05	5322.50	0.04
Nasdaq	16698.32	-0.26	6.47	11.24	18671.25	0.11
DJ EuroStoxx50	5072.45	-0.56	3.22	12.19	5054.00	-0.30
FTSE 100	8438.65	-0.08	7.53	9.12	8443.50	-0.12
CAC 40	8188.49	-0.63	2.59	8.55	8160.00	-0.37
DAX	18738.81	-0.69	5.45	11.86	18769.00	-0.25
IBEX 35	11299.30	-0.56	6.26	11.85	11292.80	0.00
FTSE MIB	35410.13	0.12	5.28	16.67	35108.00	0.00
Nikkei	38920.26	-0.59	1.92	15.62	38680.00	-0.51
Hang Seng	19376.53	0.67	20.02	14.42	19494.00	0.86
DFM General	4085.78	-0.18	-2.09	0.64	N/A	N/A
MSCI Tadawoul	12198.44	0.79	-2.15	1.93	N/A	N/A

Leb. Mrkts	Closing Px	High	Low	% Daily	% Weekly	YTD
Solidere A	69.95	70.00	67.50	-1.13	-0.07	-21.49
Solidere B	69.40	70.00	67.30	6.36	0.58	-22.85

MUST READ

(Source: Bloomberg/ Forexlive)

Jamie Dimon on soft landing and inflation

Markets underestimate inflation's likely endurance, as an array of factors keep price upside churning, JPMorgan CEO Jamie Dimon told Bloomberg TV. "I think the underlying inflation may not go away the way people expect it to," he told the outlet at the JPMorgan Global Markets Conference. He added: "I think there are a lot of inflationary forces in front of us that may keep it a little bit higher than people expect." Looking to the future, Dimon listed examples such as the green-energy transition, infrastructure buildout, and geopolitical remilitarization as worrying sources of accelerating price growth. Upcoming policy changes could also play a role here: Rising trade restrictions or continued fiscal overspending could propel price momentum. It's a point Dimon keeps reiterating despite market bullishness, as investors keep trading on the premise that subsiding inflation allows interest rates to eventually ease. To Dimon, this is "a lot of happy talk," he said. In his view, the chances that monetary policy stays unchanged — or that it tightens — are higher than most expect. What's more, soft-landing hopes should be half of what they are, he added. Dimon's pushback has been ongoing. In his annual letter to JPMorgan shareholders published last month, he expressed similarly gloomy outlooks concerning inflation, interest rates, and the economy's trajectory. Geopolitical tensions are also worrying the bank's head, he said at the time. But recently, he's offered calming rhetoric when it comes to at least one global competitor: China. On this front, Dimon has argued that the US should not shy away from competitive engagement with Beijing.

MAIN WEEKLY EARNINGS

Company	Ticker	Market Cap	Date	Time	Estimate	Year Ago
RBC Bearings	RBC US	\$ 7.81B	17-May-24	Pre-mkt	2.36	2.13
Palo Alto Network	PANW US	\$ 102.35B	20-May-24	Aft-mkt	1.26	1.10
Zoom Video Comi	ZM US	\$ 19.67B	20-May-24	Aft-mkt	1.19	1.16
Macy's Inc	M US	\$ 5.40B	21-May-24	Pre-mkt	0.15	0.56
Target Corp	TGT US	\$ 74.17B	22-May-24	pre-mkt	2.05	2.05

ECONOMIC CALENDAR

(17-05-24) EA - CPI YoY / MoM / CPI Core YoY
(21-05-24) JP - PPI MoM / PPI YoY
(21-05-24) CA - CPI NSA MoM / CPI YoY
(22-05-24) UK - CPI MoM / YoY / CPI Core YoY
(22-05-24) US - MBA Mortgage Applications
(23-05-24) US - Initial Jobless Claims
(23-05-24) US - New Home Sales

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