

Daily Market Brief

March 18 2024



FOREIGN EXCHANGE MARKETS

(Sources: Bloomberg / Reuters)

EUR/USD

The EUR/USD pair trades softer below the 1.0900 mark during the early Asian session on Monday. ECB policymaker Pablo Hernandez de Cos said on Sunday that the central bank left borrowing costs at a record high this month but said it had made good progress in bringing down inflation and has started a preliminary discussion about monetary easing. Investors await the US FOMC interest rate decision on Wednesday.

GBP/USD

GBP/USD appears to reverse its decline initiated on Thursday, hovering around 1.2730 during the Asian session on Monday. Consumer Inflation Expectations, as released by the BoE on Friday, rose by 3.0%, showing a decrease from the previous uptick of 3.3%. This data prompted markets to increase their wagers on a BoE rate cut in June, potentially weakening the GBP and consequently pressuring the GBP/USD pair downward.

USD/JPY

The Japanese Yen continues to be undermined by the uncertainty over the BoJ's policy stance. Hawkish Fed expectations act as a tailwind for the USD and lend support to the USD/JPY pair. Investors now look to the BoJ and Fed policy decisions before placing fresh directional bets.

Fx rates	Last	High	Low	% Daily	% Weekly	% YTD
EUR-USD	1.0893	1.0895	1.0881	0.04	-0.30	-1.32
GBP-USD	1.2736	1.2742	1.2726	0.00	-0.61	0.04
USD-JPY	149.28	149.33	148.91	0.16	-1.56	-5.52
USD-CHF	0.8838	0.8841	0.8828	0.00	-0.72	-4.80
Commodities	Last	High	Low	% Daily	% Weekly	% YTD
Gold	2148.42	2157.56	2146.15	-0.35	-1.57	4.14
Silver	25.03	25.21	24.95	-0.64	2.28	5.17
Crude Oil	81.46	81.53	81.01	0.52	4.53	13.12
Bitcoin	68352.51	68912.79	66787.02	0.12	-6.57	60.80
Etherium	3622.67	3676.74	3557.16	-0.28	-9.25	58.73
Period	1 M	3 M	12 M			
EURIBOR	3.86	3.93	3.71			
SOFR	5.33	5.33	5.06			
Notes/Bonds	2 Y	10 Y	30 Y			
US	4.72	4.30	4.43			
BTP - BUND	0.50	1.26	1.68			
GILTS	4.33	4.10	4.53			

INTERNATIONAL EQUITY MARKETS

(Sources: Bloomberg / Reuters)

UNITED STATES OF AMERICA

The S&P 500 fell on Friday and notched its second-straight weekly loss, with technology stocks under pressure as inflation concerns remain front and center ahead of the Federal Reserve's policy meeting next week. Investors remain hyper vigilant after a slew of data from earlier in the week. February's PPI advanced more than economists anticipated.

EUROPE

European markets closed lower on Friday, as investors remained cautious on the path of inflation ahead of rate decisions by the BoE and Federal Reserve next week. Household goods led losses, down 1.8%, while telecoms added 1.5%. It comes after data on Thursday showed the U.S. PPI rose at a faster-than-expected 0.6% in February.

ASIA

Asia-Pacific markets largely fell Friday after producer prices in the U.S. grew at a faster than expected 0.6% in February. Meanwhile, the People's Bank of China kept its one-year medium term lending facility rate unchanged at 2.5%. Japan's largest trade union, Rengo, said that workers at the country's biggest firms are set for the sharpest wage spike in more than three decades.

Index	Close	% Daily	% M	YTD	Futures	% Change
DJIA	38714.77	-0.49	0.22	2.72	38691.18	0.00
S&P	5117.09	-0.65	2.23	7.28	5101.67	0.00
Nasdaq	15973.17	-0.96	1.25	6.41	17854.75	0.00
DJ EuroStoxx50	4986.02	-0.14	4.62	10.28	5016.90	0.00
FTSE 100	7727.42	-0.20	0.20	-0.08	7734.00	0.00
CAC 40	8164.35	0.04	5.10	8.23	8208.60	N/A
DAX	17936.65	-0.03	4.79	7.07	18032.44	0.00
IBEX 35	10597.90	1.02	7.20	4.91	10619.20	N/A
FTSE MIB	33940.03	0.46	6.96	11.82	33735.00	N/A
Nikkei	39740.44	2.67	3.26	18.76	39520.00	2.94
Hang Seng	16720.89	0.22	2.56	-1.70	16773.00	0.32
DFM General	4262.48	-0.40	-0.31	4.57	N/A	N/A
MSCI Tadawoul	12762.43	0.27	2.08	6.64	N/A	N/A
Leb. Mrkts	Closing Px	High	Low	% Daily	% Weekly	YTD
Solidere A	74.95	75.00	72.15	3.88	-0.60	-15.88
Solidere B	72.20	72.25	72.05	-3.73	-3.73	-19.73

MUST READ

(Source: Bloomberg/ Forexlive)

Supply chains are shifting between China, Korea, Taiwan, and the US

Asia's supply chains are shifting. In December 2023, combined exports from Korea and Taiwan to the US exceeded their exports to mainland China for the first time in two decades, according to Goldman Sachs Research. The changes are taking place amid several important shifts. China's unit labor costs have risen and its industrial structure is becoming more sophisticated. China's supply chains for the electronics industry are potentially vulnerable to these changes. Some tech imports into China are still used mostly for re-export — for instance, 57% of China's microchip imports in 2023 were re-exported. The large portion of imports for re-export in the electronics industry means that relocation of factories assembling technologies such as smartphones from China to elsewhere in the region could redirect both imports and exports of tech products away from China. Companies' post-pandemic focus on supply chain diversification and the US's supply chain resilience programs are also reshaping trade in the region. Supply chains around advanced microchips have been shifting away from China since the pandemic outbreak in early 2020. Notably, changes in trade flows for smartphones have accelerated since the pandemic with rapid declines in imports of made-in-China smartphones in the US and Europe. Accelerating innovation in AI and the US drive for supply chain resilience have boosted US demand for AI chips. All these developments have led to sharp increases in US-bound exports from Korea and Taiwan of AI servers and their advanced chip components.

MAIN WEEKLY EARNINGS

Company	Ticker	Market Cap	Date	Time	Estimate	Year Ago
Science Applicatic	SAIC US	\$ 7.43B	18-Mar-24	Pre-mkt	1.46	2.04
Stoneco LTD	STNE US	\$ 5.44B	18-Mar-24	Aft-mkt	1.47	0.72
Caleres Inc	CAL US	\$ 1.38B	19-Mar-24	Pre-mkt	0.85	0.65
Tencent Music En	TME US	\$ 17.73B	19-Mar-24	Pre-mkt	0.97	0.91
ZTO Express Cayn	ZTO US	\$ 17.73B	19-Mar-24	Aft-mkt	10.95	8.54

ECONOMIC CALENDAR

(18-03-24) EA - CPI YoY / MoM
(19-03-24) JP - Industrial Production MoM
(19-03-24) DE - ZEW Survey Expectations
(19-03-24) CA - CPI NSA MoM / CPI YoY
(19-03-24) US - Housing Starts
(19-03-24) JP - BOJ Policy Balance Rate
(20-03-24) UK - CPI MoM / YoY / Core YoY

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