

Daily Market Brief

July 17th 2023



FOREIGN EXCHANGE MARKETS

(Sources: Bloomberg / Forexlive)

EURUSD

The EUR/USD pair regains positive traction after the range-bound price action witnessed over the past two days and climbs to its highest level since February 2022, around the 1.1255 region during the Asian session on Tuesday. The US Dollar (USD) comes under some selling pressure and drifts back closer to a 15-month low touched last Friday in the wake of the likelihood that the Federal Reserve (Fed) is nearing the end of its policy tightening campaign.

GBPUSD

The GBP/USD pair attracts some dip-buying during the Asian session on Tuesday and for now, seems to have stalled a two-day-old corrective slide from its highest level since April 2022, around the 1.3140 region touched last week. Spot prices, however, struggle to capitalize on the move and retreat a few pips from the vicinity of the 1.3100 mark, or a fresh daily peak touched in the last hour.

USDJPY

USD/JPY holds lower grounds near the intraday bottom surrounding 138.50 amid early Tuesday morning in Europe. In doing so, the Yen pair fades the last Friday's corrective bounce off the two-month low amid sluggish market conditions. That said, Japanese trader's return from the holiday failed to infuse the market's volatility as traders await the US Retail Sales for June amid mixed feelings.

Fx rates	Last	High	Low	% Daily	% Weekly	% YTD
EUR-USD	1.1260	1.1260	1.1235	0.21	2.28	5.18
GBP-USD	1.3098	1.3104	1.3068	0.19	1.28	8.40
USD-JPY	138.33	138.92	138.32	-0.27	1.47	-5.21
USD-CHF	0.8580	0.8613	0.8580	-0.29	2.51	7.75
Commodities	Last	High	Low	% Daily	% Weekly	% YTD
Gold	1961.04	1961.77	1954.64	0.31	1.49	7.51
Silver	24.91	25.05	24.80	0.28	7.74	3.99
Crude Oil	74.40	74.51	74.07	0.34	-0.57	-6.25
Bitcoin	30077.96	30288.87	29931.37	0.49	-4.17	81.86
Etherium	1904.87	1920.55	1890.30	0.77	-4.08	58.82
Period	1 M	3 M	12 M			
USD LIBOR *	5.34	5.57	6.04			
EURIBOR	3.46	3.66	4.13			
* USD LIBOR rates will be discontinued after June 30, 2023 and will be replaced by SOFR						
Notes/Bonds	2 Y	10 Y	30 Y			
US	4.71	3.79	3.92			
BTP - BUND	0.63	1.67	2.06			
GILTS	5.17	4.43	4.56			

INTERNATIONAL EQUITY MARKETS

(Sources: Bloomberg / Reuters)

UNITED STATES OF AMERICA

U.S. stocks ended higher to kick off the trading week on Monday, buoyed by gains in financial and technology shares as investors awaited the next round of quarterly results this week as earnings season gathers speed. Ford down after slashing prices of F-150 Lightning trucks. Tesla gains after building first Cybertruck. AT&T hits 30-yr low after Citi downgrade.

EUROPE

European shares fell on Monday as Richemont led a slide among luxury firms on weaker-than-expected organic sales growth and as lacklustre economic growth in China raised concerns about demand from the world's second-biggest economy.

ASIA

China and Hong Kong stocks fell on Tuesday after weak economic data disappointed investors, while a raft of sell-side analysts lowered their full-year growth forecast for China.

Index	Close	% Daily	% M	YTD	Futures	% Change
DJIA	34585.35	0.22	0.83	4.34	34761.00	0.00
S&P	4522.79	0.39	2.57	17.80	4551.75	-0.04
Nasdaq	14244.95	0.93	4.06	36.10	15822.75	-0.11
DJ EuroStoxx50	4356.79	-0.98	-0.87	14.85	4384.00	0.11
FTSE 100	7406.42	-0.38	-3.09	-0.61	7408.50	-0.01
CAC 40	7291.66	-1.12	-1.31	12.63	7296.00	N/A
DAX	16068.65	-0.23	-1.77	15.41	16176.00	0.02
IBEX 35	9438.00	0.00	-0.60	14.69	9444.00	N/A
FTSE MIB	28608.54	-0.19	2.68	20.68	28700.00	N/A
Nikkei	32391.26	0.18	-3.73	24.36	32430.00	0.28
Hang Seng	19413.78	-1.80	-4.87	-3.63	19075.00	-1.90
DFM General	4018.95	0.23	6.07	20.47	N/A	N/A
MSCI Tadawoul	11780.27	0.55	2.29	12.42	N/A	N/A
Leb. Mkts	Closing Px	High	Low	% Daily	% Weekly	YTD
Solidere A	73.00	73.05	72.85	-0.07	-4.51	19.87
Solidere B	72.00	72.00	72.00	-0.14	-4.76	19.30

MUST READ

(Source: Bloomberg/ Forexlive)

Recession fears melt away as bond yield spreads fall to new 2023 lows, suggesting more upside for the stock market

The recession fears that were so prominent at the start of the year are beginning to dissipate as bond yield spreads fall to new 2023 lows, according to Bank of America. The bank said in its July credit investor survey that while a possible recession remained the top concern among respondents, the share of that worry fell to the lowest level since May 2022. Other top fears among bond investors include inflation, rising interest rates, and geopolitical risks. Bond yield spreads refer to the premium investors receive for taking on more risk by buying corporate junk bonds compared to buying safer US Treasuries. As the spread declines, it signals that investors are growing more confident about corporate profits and the broader economy. According to DataTrek Research, the falling bond yields should equate to continued upside in the stock market as long as second-quarter earnings hold up. "Corporate bond spreads reflect incremental confidence in future earnings and cash flows, so the fact that they are near their 2023 lows is significant, DataTrek Research co-founder Nicholas Colas said in a Monday note. "Should Q2 earnings come in well (as we expect), spreads should make new lows for the year. This would confirm the ongoing rally in US equities and set us up for further upside. According to the ICE BofA US High Yield Index Option-Adjusted Spread, bond yield spreads for junk bonds set a new 2023 low on Friday, hitting 3.90 percentage points.

MAIN WEEKLY EARNINGS

(Source: Nasdaq)

Company	Ticker	Market Cap	Date	Time	Estimate	Year Ago
Bank of America	BAC US	\$236.4 B	18-Jul-23	Pre-mkt	0.84	0.73
Novartis A G	NVS US	\$208.4 B	18-Jul-23	Pre-mkt	1.67	1.56
Morgan Stanley	MS US	\$143.9 B	18-Jul-23	Pre-mkt	1.14	1.44
Lockheed Martin	LMT US	\$118.1 B	18-Jul-23	Pre-mkt	6.43	6.32
The Charles Schw	SCHW US	\$108.1 B	18-Jul-23	Pre-mkt	0.74	0.97

ECONOMIC CALENDAR

(Source: Forexlive)

(18-07-23) US- Retail Sales MoM JUN; Retail Sales Control Group JUN
(18-07-23) CA- BoC Consumer Price Index Core JUN; Consumer Price Index JUN
(19-07-23) GB- Retail Price Index JUN; PPI Core Output YoY n.s.a JUN
(19-07-23) GB- Consumer Price Index JUN; Core Consumer Price Index JUN
(19-07-23) EA- Harmonized Index of Consumer Prices JUN
(19-07-23) US- Housing Starts MoM JUN
(19-07-23) US- Building Permits MoM JUN

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