

# Daily Market Brief

July 18th 2024



## FOREIGN EXCHANGE MARKETS

(Sources: Bloomberg / Reuters)

### EUR/USD

EUR/USD reaches a four-month high near 1.0950 in Wednesday's American session. The major currency pair extends gains after recovering its losses on Tuesday, driven by the better-than-expected US Retail Sales report for June. Better-than-expected US Retail Sales report fails to diminish Fed rate-cut prospects. The ECB is expected to leave interest rates unchanged on Thursday.

### GBP/USD

GBP/USD inched further into fresh highs, testing chart territory north of the 1.3000 handle on Wednesday. Broad-market hopes of a rate cut from the Fed in September kept the Greenback underbid and gave the GBP a leg up in the mid-week market session. UK PPI inflation limited gains, but GBP traders look ahead to more UK data.

### USD/JPY

The USD/JPY pair attracts some sellers near 155.75 on Thursday during the early Asian trading hours. The pair edges lower on the weaker USD broadly and speculation of the BoJ intervention. Traders suspect another FX intervention from the Japanese authorities to support the JPY from multi-decade lows.

| Fx rates                     | Last     | High     | Low      | % Daily | % Weekly | % YTD |
|------------------------------|----------|----------|----------|---------|----------|-------|
| EUR-USD                      | 1.0935   | 1.0941   | 1.0932   | -0.04   | 0.62     | -0.94 |
| GBP-USD                      | 1.3007   | 1.3013   | 1.2999   | -0.02   | 0.71     | 2.17  |
| USD-JPY                      | 156.12   | 156.57   | 155.38   | -0.05   | 1.74     | -9.66 |
| USD-CHF                      | 0.8841   | 0.8848   | 0.8820   | 0.08    | 1.40     | -4.83 |
| Commodities                  | Last     | High     | Low      | % Daily | % Weekly | % YTD |
| Gold                         | 2467.53  | 2469.99  | 2457.29  | 0.36    | 2.15     | 19.61 |
| Silver                       | 30.41    | 30.48    | 30.19    | 0.34    | -3.36    | 27.78 |
| Crude Oil                    | 83.42    | 83.53    | 83.05    | 0.69    | 0.97     | 16.36 |
| Bitcoin                      | 64803.03 | 65069.61 | 63913.55 | 0.43    | 10.57    | 52.45 |
| Etherium                     | 3428.34  | 3440.50  | 3384.40  | 0.35    | 8.38     | 50.21 |
| Period                       | 1 M      |          | 3 M      |         | 12 M     |       |
| EURIBOR                      | 3.58     |          | 3.67     |         | 3.51     |       |
| SOFR                         | 5.34     |          | 5.28     |         | 4.80     |       |
| US Fed Fund Rate (Indicator) |          |          | 5.31     |         |          |       |
| Notes/Bonds                  | 2 Y      |          | 10 Y     |         | 30 Y     |       |
| US                           | 4.45     |          | 4.17     |         | 4.39     |       |
| BTP - BUND                   | 0.50     |          | 1.30     |         | 1.71     |       |
| GILTS                        | 4.02     |          | 4.08     |         | 4.57     |       |

## INTERNATIONAL EQUITY MARKETS

(Sources: Bloomberg / Reuters)

### UNITED STATES OF AMERICA

The S&P 500 and Nasdaq Composite retreated on Wednesday as the rotation out of high-flying technology shares and into more rate-sensitive names continued. Semiconductor stocks also struggled after Bloomberg News reported that the Biden administration is considering tougher trade restrictions if companies continue granting China access to U.S.-made technology.

### EUROPE

European stocks closed lower Wednesday, continuing negative sentiment seen in the previous two trading sessions as technology stocks plummeted. U.K. inflation came in at 2% on an annual basis in June. This was slightly higher than the forecast 1.9%, but in line with May's 2% reading and the BoE's target rate.

### ASIA

Asia-Pacific markets traded mixed on Wednesday with Australia's S&P/ASX 200 reaching an all-time high, while an increase in business optimism among large Japanese manufacturers lifted Japanese stocks. Japanese authorities likely intervened in the currency market last Thursday and Friday.

| Index          | Close      | % Daily | % M   | YTD     | Futures  | 3D % Change |
|----------------|------------|---------|-------|---------|----------|-------------|
| DJIA           | 41198.08   | 0.59    | 6.09  | 9.31    | 41558.00 | 0.73        |
| S&P            | 5588.27    | -1.39   | 1.85  | 17.16   | 5650.75  | -1.17       |
| Nasdaq         | 17996.92   | -2.77   | 0.75  | 19.89   | 20075.50 | -2.54       |
| DJ EuroStoxx50 | 4891.46    | -1.14   | -0.49 | 8.18    | 4922.00  | -1.22       |
| FTSE 100       | 8187.46    | 0.28    | -0.05 | 5.87    | 8236.50  | 0.62        |
| CAC 40         | 7570.81    | -0.12   | -0.76 | 0.37    | 7575.00  | -0.11       |
| DAX            | 18437.30   | -0.44   | 1.68  | 10.06   | 18591.00 | -0.40       |
| IBEX 35        | 11105.20   | 0.13    | 0.34  | 9.93    | 11118.40 | 0.16        |
| FTSE MIB       | 34379.64   | 0.03    | 3.19  | 13.27   | 34529.00 | 0.02        |
| Nikkei         | 41097.69   | -2.10   | 4.56  | 20.24   | 40220.00 | -2.45       |
| Hang Seng      | 17739.41   | 0.58    | -0.41 | 4.66    | 17856.00 | 0.70        |
| DFM General    | 4131.96    | 0.54    | 3.72  | 1.78    | N/A      | N/A         |
| MSCI Tadawoul  | 12157.61   | 0.64    | 5.73  | 1.59    | N/A      | N/A         |
| Leb. Mrkts     | Closing Px | High    | Low   | % Daily | % Weekly | YTD         |
| Solidere A     | 72.90      | 73.00   | 72.00 | 0.00    | 4.22     | -18.18      |
| Solidere B     | 70.15      | 70.15   | 70.15 | -2.16   | 2.86     | -22.01      |

## MUST READ

(Source: Bloomberg/ Forexlive)

### Donald Trump warns US Fed chair not to cut rates before the election

Donald Trump has warned Jay Powell not to cut US interest rates before November's presidential vote, but said if elected he would let the Federal Reserve chair serve out his term if he was "doing the right thing". The Republican nominee acknowledged in an interview with Bloomberg News that the central bank would "maybe" cut interest rates before the election on November 5, but added "it's something that they know they shouldn't be doing". Trump also addressed mounting concerns in financial markets that he would politicise the Fed, starting with attempting to force Powell out before the end of his term as Fed chair in 2026. Investors have worried the former president would seek to unseat Powell, who is broadly seen on Wall Street as an effective chair, steering the Fed through one of the worst inflation shocks in decades. But Trump's caveat that he wanted to see Powell do "the right thing" may leave some questions around the Republican nominee's pledge not to push for his early replacement. Powell said on Monday that the central bank was gaining greater confidence that inflation was easing back to the Fed's target of 2 per cent, adding to expectations that the central bank would make its first rate cut since 2020 at its meeting in September, just six weeks before the election. Despite nominating Powell to serve as chair in 2017, Trump repeatedly attacked the Fed chair during his term as president for not lowering interest rates in the midst of his trade wars. He once asked if the Fed chair was a bigger enemy to the US than Chinese President Xi Jinping. The Fed's political independence has long been considered essential to its capacity to manage the US economy.

## MAIN WEEKLY EARNINGS

| Company           | Ticker  | Market Cap | Date      | Time    | Estimate | Year Ago |
|-------------------|---------|------------|-----------|---------|----------|----------|
| Abbott Laboratori | ABT US  | \$ 182.10B | 18-Jul-24 | Pre-mkt | 1.10     | 1.08     |
| Cintas Corp       | CTAS US | \$ 73.03B  | 18-Jul-24 | Pre-mkt | 3.79     | 3.33     |
| Keycorp           | KEY US  | \$ 15.28B  | 18-Jul-24 | Pre-mkt | 0.24     | 0.27     |
| Netflix           | NFLX US | \$ 278.99B | 18-Jul-24 | Aft-mkt | 4.76     | 3.29     |
| PPG Industries    | PPG US  | \$ 31.48B  | 18-Jul-24 | Aft-mkt | 2.48     | 2.25     |

## ECONOMIC CALENDAR

(18-07-24) EA - ECB Main Refinancing Rate  
(18-07-24) US - Initial Jobless Claims  
(19-07-24) UK - Gfk Consumer Confidence  
(19-07-24) JP - Natl CPI YoY  
(19-07-24) UK - Retail Sales Inc Auto Fuel MoM  
(19-07-24) DE - PPI MoM / YoY  
(19-07-24) CA - Retail Sales MoM

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