

Daily Market Brief

September 19th 2024



FOREIGN EXCHANGE MARKETS

(Sources: Bloomberg / Reuters)

EURUSD

The EUR/USD pair trades flat during the early European session on Thursday. The Federal Open Market Committee started its easing cycle, lowering the Fed funds target range by 50 basis points to 4.75%-5.00% on Wednesday. The Fed's forward guidance didn't seem to be as dovish as expected, which help limit the US Dollar's losses.

GBPUSD

The US Federal Reserve decided to kick-start the policy-easing cycle and lowered borrowing costs by 50 basis points on Wednesday, though cooled hopes for oversized rate cuts going forward. Furthermore, Fed policymakers don't see inflation returning to the 2% target before 2026, triggering a sharp recovery in the US Treasury bond yields. This, in turn, lifts the USD Index , which tracks the Greenback against a basket of currencies, to a one-week high and turns out to be a key factor exerting some downward pressure on the GBP/USD.

USDJPY

The JPY has trimmed its intraday losses but remains weaker against the USD on Thursday. Despite the US Federal Reserve's aggressive 50 basis point interest rate cut on Wednesday, the risk-sensitive JPY continued to depreciate. Traders are now focusing on the Bank of Japan policy decision scheduled for Friday. Additionally, Japan's National Consumer Price Index data will be closely watched, as the inflation report could provide new insights into the BoJ's future interest rate path.

Fx rates	Last	High	Low	% Daily	% Weekly	% YTD
EUR-USD	1.1132	1.1133	1.1069	0.12	0.52	0.84
GBP-USD	1.3226	1.3227	1.3154	0.09	0.78	3.89
USD-JPY	142.62	143.95	141.89	0.23	-0.56	-1.11
USD-CHF	0.8469	0.8515	0.8456	0.08	0.51	-0.65
Commodities	Last	High	Low	% Daily	% Weekly	% YTD
Gold	2575.18	2575.19	2551.41	0.64	0.68	24.83
Silver	30.78	30.78	29.91	2.31	3.01	29.34
Crude Oil	71.08	71.08	70.13	0.24	3.06	0.14
Bitcoin	62012.83	62590.94	60192.18	2.96	3.30	45.89
Etherium	2413.48	2422.83	2325.78	3.77	-0.13	5.75
Period	1M	3M	6M	12M		
SOFR (\$)	4.96	4.81	4.44	3.86		
ESTR (€)	2.72	3.38	3.17	2.72		
SONIA (£)	4.90	4.79	4.58	4.16		
SARON (F)	0.92	0.88	0.77	0.66		
TONAR (¥)	0.22	0.16	0.11	0.05		

Rates	
U.S. Federal Fund Target Rate	5.00
ECB Main Refinancing Operation Announcement Rate	3.65
ECB Deposit Facility Announcement Rate	3.50
ECB Marginal Lending Facility Announcement Rate	3.90
BOE Official Bank Rate	5.00

INTERNATIONAL EQUITY MARKETS

(Sources: Bloomberg / Reuters)

UNITED STATES OF AMERICA

Stocks closed lower Wednesday in a volatile session as the Federal Reserve lowered interest rates in a half-percentage-point move. The outsized rate cut was cheered initially by traders, though it did raise concerns the Fed was trying to get ahead of potential economic weakness.

EUROPE

U.K. inflation figures for August were published Wednesday, coming in at 2.2% according to data from the Office for National Statistics. That was unchanged from July and in line with expectations. The data comes ahead of the Bank of England meeting and interest rate policy decision scheduled for Thursday.

ASIA

Asia-Pacific markets rose in choppy trading Thursday, as investors assessed the Federal Reserve's decision to cut interest rates by a half-percentage point. The Bank of Japan is poised to kick off a two-day meeting ending Friday, where the central bankers will make a key rate decision, after the central bank ended its decades-long ultra-low interest rates regime earlier this year.

Index	Close	% Daily	% M	YTD	Futures	% Change
DJIA	41503.10	-0.25	1.48	10.12	41762.00	0.62
S&P	5618.26	-0.29	0.18	17.79	5677.50	1.02
Nasdaq	17573.30	-0.31	-1.70	17.07	19643.00	1.54
DJ EuroStoxx50	4835.30	-0.52	-0.74	6.94	4888.00	0.97
FTSE 100	8253.68	-0.68	-1.24	6.73	8321.50	0.74
CAC 40	7444.90	-0.57	-0.76	-1.30	7518.00	0.00
DAX	18711.49	-0.08	1.57	11.70	18861.00	0.75
IBEX 35	11684.70	-0.16	5.24	15.67	11694.60	0.00
FTSE MIB	33655.49	-0.37	1.17	10.89	33669.00	0.00
Nikkei	36380.17	2.31	-0.44	11.23	37020.00	2.27
Hang Seng	17660.02	1.87	3.21	5.53	18020.00	1.94
DFM General	4390.20	-0.11	3.60	8.14	N/A	N/A
MSCI Tadawoul	11920.94	0.30	-0.85	-0.39	N/A	N/A

Leb. Mrkts	Closing Px	High	Low	% Daily	% Weekly	YTD
Solidere A	89.05	89.90	84.55	-1.00	5.20	-0.06
Solidere B	85.05	85.05	85.05	-4.97	2.41	-5.45

MUST READ

(Source: Bloomberg/ Forexlive)

Gold price sets new record on Fed's first rate cut since 2020

Gold advanced to another record high on Wednesday after the Federal Reserve announced an aggressive interest cut of half a percentage point to stimulate the US economy. Spot gold rose as much as 1.1% to \$2,600.11 per ounce, continuing its record-setting trend over recent weeks. US gold futures also had nearly the same percentage gain. By late afternoon, however, gold had erased those gains, with spot gold down 0.4% at \$2,559.15 per ounce and futures down 0.6% at \$2,582.90 per ounce. The US central bank was widely anticipated to lower interest rates at this week's meeting after holding them at a two-decade high for more than a year, but traders were split over how much the first cut would be. Meanwhile, gold has hit repeated records over the past weeks as investors weighed prospects that the Fed would deploy a rate reduction bigger than a quarter percentage point, which would present a significant boost to the non-yielding bullion. Gold, Treasuries and the S&P 500 Index have all typically risen as the Fed starts lowering rates, according to a Bloomberg News analysis of the past six easing cycles going back to 1989. Fed's announcement on Wednesday caps a period of flux in the gold market, as some analysts have pointed to a return to more traditional trading patterns, and in particular to gold's longstanding tendency to rise and fall in the opposite direction to real yields. That relationship had broken down in recent years, as gold remained historically elevated even as rates soared — with prices supported instead by huge central bank purchases, as well as surging demand from investors and consumers in Asia. Gold prices have broken out dramatically this year in particular, soaring more than 25% to successive records. In recent months, there have been signs of Western investors jumping back into the gold market too, as bets mounted that the Fed was about to pivot.

MAIN WEEKLY EARNINGS

Company	Ticker	Market Cap	Date	Time	Estimate	Year Ago
FedEx	FDX US	\$ 73.04B	19-Sep-24	After-mkt	4.77	4.55
Lennar Corpora	LEN US	\$ 51.22B	19-Sep-24	After-mkt	3.65	3.91
Darden Restaurar	DRI US	\$ 18.85B	19-Sep-24	Pre-mkt	1.83	1.78
Factset research :	FDS US	\$ 16.99B	19-Sep-24	Pre-mkt	4.37	2.93
Millerknoll Inc	MLKN US	\$ 1.92B	19-Sep-24	After-mkt	0.40	0.37

ECONOMIC CALENDAR

(19-09-24) UK - Bank of England Bank Rate
(19-09-24) US - Philadelphia Fed Business Outlook
(20-09-24) JP - Natl CPI YoY / Natl CPI Ex Fresh food YoY
(20-09-24) FR - Manufacturing Confidence
(20-09-24) JP - BoJ Target Rate
(23-09-24) US - S&P Global US Manufacturing PMI / Services PMI / Composite PMI
(24-09-24) US - Conf. Board Consumer Confidence

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