

Daily Market Brief

December 19th 2023



FOREIGN EXCHANGE MARKETS

(Sources: Bloomberg / Reuters)

EUR/USD

The EUR/USD pair hovers around 1.0920 during the early Asian trading hours on Tuesday. German business expectations and current conditions unexpectedly worsened in December. Market participants will monitor the final reading of the Eurozone Harmonized Index of Consumer Prices (HICP). On the US docket, the Building Permits and Housing Starts will be due.

GBP/USD

The GBP/USD pair snaps its two-day losing streak during the early Asian session on Tuesday. The rebound of the pair is bolstered by the weaker US Dollar (USD) and the lower US Treasury bond yields. In the absence of economic data released from the UK docket on Tuesday, the GBP/USD pair remains at the mercy of the USD price.

USD/JPY

The Japanese Yen (JPY) comes under heavy selling pressure and pushes the USD/JPY pair higher for the third straight day after the Bank of Japan (BoJ) announced its policy decision earlier this Tuesday. As was widely anticipated, the Japanese central bank decided to maintain the status quo and voted unanimously to keep the Yield Curve Control (YCC) policy unchanged. This, along with no change to the forward guidance and the underlying bullish tone around the equity markets, turn out to be key factors weighing heavily on the JPY.

Fx rates	Last	High	Low	% Daily	% Weekly	% YTD
EUR-USD	1.0928	1.0931	1.0915	0.04	1.24	2.08
GBP-USD	1.2659	1.2665	1.2638	0.09	0.76	4.77
USD-JPY	143.42	143.78	142.25	0.45	1.42	-8.58
USD-CHF	0.8661	0.8686	0.8658	-0.12	1.06	6.74
Commodities	Last	High	Low	% Daily	% Weekly	% YTD
Gold	2025.61	2029.38	2021.77	-0.08	2.33	11.05
Silver	23.85	23.91	23.77	0.20	4.74	-0.42
Crude Oil	72.37	72.62	72.35	-0.14	5.48	-5.76
Bitcoin	42919.13	43445.51	42432.09	0.71	-0.18	159.49
Etherium	2241.35	2251.27	2210.65	1.15	-2.55	86.88
Period	1 M		3 M			12 M
EURIBOR	3.85		3.92			3.64
SOFR	5.36		5.37			4.91
Notes/Bonds	2 Y		10 Y			30 Y
US	4.45		3.93			4.04
BTP - BUND	0.57		1.69			2.06
GILTS	4.32		3.70			4.18

INTERNATIONAL EQUITY MARKETS

(Sources: Bloomberg / Reuters)

UNITED STATES OF AMERICA

Stocks rose Monday as the market maintained the momentum seen during its seven-week winning streak. Communication services outperformed in the S&P 500, with the sector up more than 2%. Mega-cap tech names led those gains. Treasury yields dropped, with the 10-year Treasury yield falling below the 4% level.

EUROPE

European markets closed lower Monday to kick off the penultimate week of 2023. Oil majors were bucking the trend as prices climbed following the suspension of some tanker shipments in the Red Sea. London-listed shares of BP gained 1.5% after it said it had paused all oil-tanker shipments in the area, while peer Shell rose 1.3%.

ASIA

Asia-Pacific markets were mostly lower Monday at the start of the penultimate week of 2023, while South Korean shares bucked the trend as defense stocks led gains. China will release its loan prime rates on Wednesday, while inflation data from Japan is due Friday.

Index	Close	% Daily	% M	YTD	Futures	% Change
DJIA	37306.02	0.00	6.75	12.55	37668.00	-0.03
S&P	4740.56	0.45	5.02	23.47	4792.50	-0.01
Nasdaq	14905.19	0.62	5.52	42.41	16921.75	-0.11
DJ EuroStoxx50	4521.13	-0.62	4.16	19.18	4564.00	0.13
FTSE 100	7614.48	0.50	1.47	2.18	7646.50	-0.01
CAC 40	7568.86	-0.37	4.63	16.92	7608.00	N/A
DAX	16650.55	-0.60	4.59	19.59	16860.00	0.17
IBEX 35	10054.90	-0.40	3.01	22.19	10095.50	N/A
FTSE MIB	30241.02	-0.44	2.52	27.56	30434.00	N/A
Nikkei	33219.39	1.41	-1.09	27.30	33130.00	1.31
Hang Seng	16629.23	-1.08	-5.76	-16.84	16473.00	-0.96
DFM General	3990.60	-0.03	-0.12	19.59	N/A	N/A
MSCI Tadawoul	11676.34	0.65	4.84	11.43	N/A	N/A

Leb. Mrkts	Closing Px	High	Low	% Daily	% Weekly	YTD
Solidere A	76.25	77.00	68.00	1.60	9.08	25.21
Solidere B	76.60	77.00	65.50	2.41	8.88	26.93

MUST READ

(Source: Bloomberg/Forexlive)

US highlights AI as risk to financial system for the first time

Financial regulators in the United States have named artificial intelligence (AI) as a risk to the financial system for the first time. In its latest annual report, the Financial Stability Oversight Council said the growing use of AI in financial services is a "vulnerability" that should be monitored. While AI offers the promise of reducing costs, improving efficiency, identifying more complex relationships and improving performance and accuracy, it can also "introduce certain risks, including safety-and-soundness risks like cyber and model risks," the FSOC said in its annual report. The FSOC, which was established in the wake of the 2008 financial crisis to identify excessive risks in the financial system, said developments in AI should be monitored to ensure that oversight mechanisms "account for emerging risks" while facilitating "efficiency and innovation". US President Joe Biden in October issued a sweeping executive order on AI that focused largely on the technology's potential implications for national security and discrimination. Governments and academics worldwide have expressed concerns about the break-neck speed of AI development, amid ethical questions spanning individual privacy, national security and copyright infringement. European Union policymakers agreed on landmark legislation that will require AI developers to disclose data used to train their systems and carry out testing of high-risk products.

MAIN WEEKLY EARNINGS

Company	Ticker	Market Cap	Date	Time	Estimate	Year Ago
Factset research	FDS US	\$17.42B	19-Dec-23	Pre-mkt	4.12	3.99
Accenture PLC	ACN US	\$228.09B	19-Dec-23	Pre-mkt	3.14	3.08
Fedex Corp	FDX US	\$70.88B	19-Dec-23	Aft-mkt	4.19	3.18
Micron Technolog	MU US	\$89.56B	20-Dec-23	Aft-mkt	-1.07	-0.01
Nike Inc	NKE US	\$184.36B	21-Dec-23	Aft-mkt	0.85	0.85

ECONOMIC CALENDAR

(19-12-23) EA - CPI YoY
(19-12-23) US - Housing Starts
(19-12-23) CA - CPI NSA MoM / CPI YoY
(19-12-23) JP - BOJ Policy Balance Rate
(20-12-23) UK - CPI MoM / CPI YoY
(20-12-23) US - MBA Mortgage Applications
(21-12-23) UK - GDP QoQ / YoY

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