

Daily Market Brief

May 20th 2024



FOREIGN EXCHANGE MARKETS

(Sources: Bloomberg / Reuters)

EUR/USD

The EUR/USD pair trades on a stronger note around 1.0875 on Monday during the early Asian trading hours. The uptick in the major pair is bolstered by the softer Greenback. The Fed Bostic, Barr, Waller, Jefferson, and Mester are scheduled to speak on Monday. Eurozone data highlight will be preliminary May PMI on Thursday. ECB's Schnabel said they should move cautiously on rate cuts because there is a risk of easing prematurely.

GBP/USD

The GBP/USD pair extends its gains for the second consecutive session, trading around 1.2710 during the Asian hours on Monday. A weaker US Dollar (USD) supports the GBP/USD pair. April data indicated that US consumer inflation had slowed to 0.3%, raising expectations for potential Fed rate reductions in 2024. However, the US Fed maintains a cautious stance regarding inflation and the possibility of rate cuts in 2024.

USD/JPY

The USD/JPY pair trades in positive territory for the third consecutive trading day around 155.80 during the early Asian session on Monday. The downtick of the pair is supported by weaker Japan's GDP data in Q1. The FOMC Minutes will be due on Wednesday. On Friday, the Japanese National CPI will be in the spotlight. The divergence in interest rates between the US and Japan weighs on the JPY and creates a tailwind for the pair.

Fx rates	Last	High	Low	% Daily	% Weekly	% YTD
EUR-USD	1.0881	1.0883	1.0863	0.11	0.84	-1.43
GBP-USD	1.2706	1.2711	1.2682	0.04	1.17	-0.20
USD-JPY	155.66	155.94	155.48	0.01	0.36	-9.39
USD-CHF	0.9091	0.9097	0.9065	0.00	-0.09	-7.45
Commodities	Last	High	Low	% Daily	% Weekly	% YTD
Gold	2444.49	2447.58	2416.61	1.21	4.63	18.49
Silver	32.22	32.52	31.33	2.31	14.25	35.41
Crude Oil	80.19	80.23	79.70	0.16	1.35	11.19
Bitcoin	67110.51	67276.45	66001.23	1.44	1.71	57.88
Etherium	3126.45	3139.57	3049.11	1.68	3.41	36.99
Period	1 M		3 M		12 M	
EURIBOR	3.80		3.83		3.65	
SOFR	5.32		5.33		5.12	
US Fed Rate		5.31				
Notes/Bonds	2 Y		10 Y		30 Y	
US	4.82		4.42		4.56	
BTP - BUND	0.48		1.30		1.69	
GILTS	4.31		4.13		4.60	

INTERNATIONAL EQUITY MARKETS

(Sources: Bloomberg / Reuters)

UNITED STATES OF AMERICA

The Dow Jones Industrial Average closed Friday above the key 40,000 level for the first time in history, a day after hitting that benchmark in the previous trading session. The S&P 500 and Nasdaq are now each up more than 11% in 2024, while the Dow has climbed more than 6% this year. While concerns over the durability of the current rally have been voiced by some investors.

EUROPE

European markets slipped again on Friday after snapping a nine-day winning streak in the previous session, as earnings weighed on positive sentiment. Utilities stocks fell 0.9%, while basic resources added 1.4%.

ASIA

Stocks in China and Hong Kong got a boost on Friday after China's central bank announced sweeping measures to boost the slumping property market. A slew of data out of China pointed to slowing consumption, as retail sales rose 2.3% in April from a year earlier but missed expectations. Fixed asset investment rose by 4.2% from January to April, but was lower than the 4.6% expected increase.

Index	Close	% Daily	% M	YTD	Futures	% Change
DJIA	40003.59	0.34	5.31	6.14	40174.00	0.09
S&P	5303.27	0.12	6.77	11.18	5335.50	0.15
Nasdaq	16685.97	-0.07	9.19	11.16	18676.75	0.22
DJ EuroStoxx50	5064.14	-0.16	2.97	12.00	5077.00	0.30
FTSE 100	8420.26	-0.22	6.64	8.88	8459.00	0.19
CAC 40	8167.50	-0.26	1.81	8.28	8161.20	0.00
DAX	18704.42	-0.18	5.45	11.66	18841.00	0.26
IBEX 35	11327.70	0.25	5.58	12.13	11303.60	0.00
FTSE MIB	35398.82	-0.03	4.35	16.63	35091.00	0.00
Nikkei	38787.38	0.69	5.36	16.71	39060.00	0.83
Hang Seng	19553.61	0.60	21.24	15.39	19669.00	0.65
DFM General	4068.23	-0.43	-2.55	0.21	N/A	N/A
MSCI Tadawoul	12198.38	0.00	-2.43	1.93	N/A	N/A

Leb. Mrkts	Closing Px	High	Low	% Daily	% Weekly	YTD
Solidere A	67.85	70.00	66.10	-3.00	-3.07	-23.85
Solidere B	65.95	67.50	65.55	-4.97	-4.42	-26.68

MUST READ

(Source: Bloomberg/ Forexlive)

Dollar calm as traders await clues on US rate path

The dollar was broadly steady on Monday as investors awaited further clues to help chart the U.S. interest rate path in the wake of cautious comments from Federal Reserve officials, even as inflation shows signs of cooling. The Japanese yen was flat at 155.74 per dollar, with traders on alert for any signs of government intervention. The currency has moved in tight ranges in the past couple of trading days after a tumultuous start to May in the wake of suspected rounds of currency interventions by Tokyo to prop up the yen. Data last week showed U.S. consumer prices for April rose less-than-expected, leading to markets pricing in 50 bps of easing, or at least two rate cuts this year, but various Fed officials have sounded words of caution about when rates may fall. That has prompted traders to trim the amount of easing expected this year to about 46 bps, with only a rate cut in November fully priced in. The spotlight will now be on the upcoming PCE price index report - the Fed's preferred gauge of inflation - due on May 31. Markets will also focus on minutes of the Fed's last meeting due on Wednesday. Flash PMIs for euro zone, Germany, the UK and the U.S. are also due this week, along with a roster full of Fed speakers. While the Fed will have been heartened by the April CPI report, the U.S. central bank will require a little more convincing that inflation is headed back to its target of 2% sustainably before it will consider easing policy, ANZ analysts said. The dollar index is down 1.7% this month, is set for its weakest monthly performance this year.

MAIN WEEKLY EARNINGS

Company	Ticker	Market Cap	Date	Time	Estimate	Year Ago
Zoom Video Comi	ZM US	\$ 19.73B	20-May-24	Aft-mkt	1.19	1.16
Palo Alto Networkl	PANW US	\$ 102.70B	20-May-24	Aft-mkt	1.26	1.10
Macy's Inc	M US	\$ 5.36B	21-May-24	Pre-mkt	0.15	0.56
Target Corp	TGT US	\$ 73.93B	22-May-24	Pre-mkt	2.05	2.05
Nvidia	NVDA US	\$ 2.27T	22-May-24	Aft-mkt	5.64	1.09

ECONOMIC CALENDAR

(21-05-24) JP - PPI MoM / PPI YoY
(21-05-24) CA - CPI NSA MoM / CPI YoY
(22-05-24) UK - CPI MoM / YoY / CPI Core YoY
(22-05-24) US - MBA Mortgage Applications
(23-05-24) US - Initial Jobless Claims
(23-05-24) US - New Home Sales
(24-05-24) JP - Natl CPI YoY

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