

Daily Market Brief

August 20th, 2024



FOREIGN EXCHANGE MARKETS

(Sources: Bloomberg / Reuters)

EUR/USD

EUR/USD trades around 1.1080 during the Asian session on Tuesday after pulling back from an eight-month high of 1.1087. This downside is attributed to the improved USD amid risk aversion sentiment. However, the Greenback may struggle due to rising odds of a 25 basis point rate cut by the US Fed in September. The Euro holds minor losses ahead of the Harmonized Index of Consumer Prices data from the European Monetary Union on Tuesday.

GBP/USD

GBP/USD rose one-third of one percent after the US Dollar continued to recede to kick off the new trading week. A rough patch of bad US data reignited investor fears of an impending US recession, but a late upswing in recent US data prints have soothed investor nerves, who have to returned to waiting for signs of rate cuts from the Fed UK and US PMIs slated for Thursday this week.

USD/JPY

The JPY declines against the USD on Tuesday. However, the downside of the JPY could be restrained amid the rising possibility of another near-term interest rate hike. Japan's economy grew at an annualized rate of 3.1% in Q2, significantly exceeding expectations and rebounding from a slowdown earlier in the year. Recent economic growth data raises the possibility of near-term BoJ rate hike.

Fx rates	Last	High	Low	% Daily	% Weekly	% YTD
EUR-USD	1.1075	1.1088	1.1073	-0.09	0.75	0.33
GBP-USD	1.2978	1.2994	1.2975	-0.10	0.90	1.94
USD-JPY	147.26	147.33	145.85	0.46	-0.29	-4.22
USD-CHF	0.8623	0.8635	0.8605	-0.06	0.29	-2.42
Commodities	Last	High	Low	% Daily	% Weekly	% YTD
Gold	2500.82	2508.26	2498.79	-0.14	1.45	21.22
Silver	29.36	29.51	29.21	-0.30	5.41	23.39
Crude Oil	73.75	74.38	73.69	-0.83	-5.87	3.38
Bitcoin	61096.37	61416.46	58974.73	3.37	7.79	43.73
Etherium	2681.42	2696.65	2614.53	2.47	5.15	17.49
Period	1 M		3 M		12 M	
EURIBOR	3.60		3.56		3.14	
SOFR	5.31		5.13		4.40	
US Fed Fund Rate (Indicator)			5.31			
Notes/Bonds	2 Y		10 Y		30 Y	
US	4.07		3.88		4.13	
BTP - BUND	0.48		1.37		1.77	
GILTS	3.69		3.92		4.46	

INTERNATIONAL EQUITY MARKETS

(Sources: Bloomberg / Reuters)

UNITED STATES OF AMERICA

Stocks advanced on Monday, building on the market's comeback as investors readied for the closely watched Federal Reserve symposium later this week. Monday's moves mark an extension of the recent recovery rally, which has been the latest turn amid a choppy stretch for equities. Traders will parse minutes from the Fed's most recent meeting due on Wednesday.

EUROPE

European stocks closed higher on Monday, extending positive momentum at the start of the new trading week after global markets rallied last week. All sectors and major bourses trading in the green. Mining and retail stocks led gains, adding 1.98% and 1.57% respectively.

ASIA

Asia-Pacific markets were mostly up on Tuesday, tracking Wall Street rally overnight, while investors also assessed minutes of the Reserve Bank of Australia's latest meeting. Reserve Bank of Australia's August meeting kept its benchmark interest rate at 4.35%, but noted that inflation remained "above target" and was "proving persistent."

Index	Close	% Daily	% M	YTD	Futures	1W % Change
DJIA	40896.53	0.58	1.51	8.51	41021.00	2.84
S&P	5608.25	0.97	1.88	17.58	5632.25	3.17
Nasdaq	17876.77	1.39	0.85	19.09	19887.75	4.10
DJ EuroStoxx50	4871.41	0.64	0.92	7.74	4897.00	3.90
FTSE 100	8356.94	0.55	2.47	8.07	8363.50	1.49
CAC 40	7502.01	0.70	-0.43	-0.55	7435.20	2.15
DAX	18421.69	0.54	1.37	9.97	18510.00	3.51
IBEX 35	11102.50	1.40	0.14	9.90	10940.90	1.91
FTSE MIB	33266.32	0.68	-2.78	9.60	33384.00	3.88
Nikkei	37388.62	2.10	-4.71	14.08	38160.00	5.36
Hang Seng	17569.57	-0.43	0.44	2.62	N/A	N/A
DFM General	4237.52	-0.13	1.35	4.38	N/A	N/A
MSCI Tadawoul	12023.03	0.35	-1.36	0.46	N/A	N/A
Leb. Mrkts	Closing Px	High	Low	% Daily	% Weekly	YTD
Solidere A	78.00	79.00	76.00	-1.27	3.93	-12.46
Solidere B	75.05	75.05	74.10	1.42	-2.15	-16.56

MUST READ

(Source: Bloomberg/ Forexlive)

Fed is predicted to deliver three quarter-point rate cuts this year: Reuters poll

The U.S. Federal Reserve will cut interest rates by 25 basis points at each of the remaining three meetings of 2024, one more reduction than predicted last month, according to a slim majority of economists polled by Reuters who said a recession is unlikely. The change in Fed rate cut calls follows a weaker-than-expected July U.S. jobs report, which encouraged interest rate futures traders to price in as much as 120 basis points of reductions in 2024 earlier this month. That pricing has reduced to roughly 100 now. Investors also said a violent, but brief market sell-off also was a driver of aggressive rate cut calls, related to the unwinding of large leveraged positions as a result of a sudden, sharp rise in the Japanese yen. Although some Fed officials have hinted rate cuts are coming, most economists in the Aug. 14-19 Reuters poll were not expecting a rapid series of rate cuts. Recent data, including last week's strong retail sales report, suggests the economy is performing relatively well even as inflation recedes. The U.S. central bank will cut the federal funds rate by 25 basis points in September, November and December taking the range to 4.50%-4.75% by end-2024, according to 54% of those polled, 55 of 101. Markets, which were earlier betting on a half-percentage-point cut in September, are currently pricing around 70% probability of a quarter percentage point cut next month. Over a third, 34 of those polled, predicted two rate cuts this year and one respondent forecast only one rate reduction. Eleven economists expected the Fed to cut rates by 100 basis points or more. The unemployment rate is forecast at around the current 4.3% through 2026. Inflation is forecast to ease only slightly over the coming two years, according to median forecasts in the poll. All measures of inflation polled - the Consumer Price Index, core CPI, personal consumption expenditures price index and core PCE - are expected to stay above 2% until at least 2026. Markets are currently pricing around 200 basis points of reductions by end-Q3 2025.

MAIN WEEKLY EARNINGS

Company	Ticker	Market Cap	Date	Time	Estimate	Year Ago
Lowe's Cos Inc	LOW US	\$ 138.59B	20-Aug-24	Pre-mkt	3.97	4.56
Target Corporatio	TGT US	\$ 66.91B	21-Aug-24	Pre-mkt	2.19	1.80
Analog Devices In	ADI US	\$ 112.12B	21-Aug-24	Pre-mkt	1.51	2.49
Macy's Inc	M US	\$ 4.93B	21-Aug-24	Pre-mkt	0.31	0.20
Snowflake Inc	SNOW US	\$ 44.00B	21-Aug-24	Aft-mkt	0.16	0.22

ECONOMIC CALENDAR

(20-08-24) US - CPI YoY / MoM
(20-08-24) CA - CPI NSA MoM / YoY
(21-08-24) US - MBA Mortgage Applications
(21-08-24) US - FOMC Meeting Minutes
(22-08-24) FR - HCOB France Manufacturing PMI
(22-08-24) US - S&P Global US Services PMI
(23-08-24) JP - Natl CPI YoY

CONTACT

Banque BEMO sal
Asset Management Unit

Ashrafieh, Elias Sarkis Ave., BEMO Bldg, 4th Floor
P.O.Box 16-6353 Beirut, Lebanon
Tel: +961 1 325405/6/7/9

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