

Daily Market Brief

October 20th 2023



FOREIGN EXCHANGE MARKETS

(Sources: Bloomberg / Reuters)

EURUSD

The EUR/USD rose on Thursday and was heading towards its highest daily close in over a week, despite risk aversion in the market, boosted by a weaker US dollar. However, the pair failed to hold above the 1.0600 level, indicating that there are still obstacles ahead on the upside path. Germany will report the September (PPI) on Friday. The annual rate is expected to decline from -12.6% to -14.2%. The next key event will be the (ECB) meeting next week. Markets anticipate that key rates will remain unchanged for the first time since June of last year.

GBPUSD

GBP/USD retreats from the recent gains on risk-off sentiment, trading lower around 1.2130 during the Asian session on Friday. However, the pair faced upward support in the previous session from a weakened US Dollar (USD) following comments by Federal Reserve (Fed) Chairman Jerome Powell.

USDJPY

The USD/JPY continues with its relative underperformance in the wake of the Bank of Japan's dovish stance and turns out to be a key factor acting as a tailwind for the USD/JPY pair. In fact, the BoJ sticks to its view that inflation is transient and has no plans to phase out its massive monetary stimulus.

Fx rates	Last	High	Low	% Daily	% Weekly	% YTD
EUR-USD	1.0579	1.0587	1.0568	-0.03	0.66	-1.18
GBP-USD	1.2138	1.2146	1.2118	-0.05	-0.04	0.46
USD-JPY	149.86	149.94	149.74	0.04	-0.19	-12.51
USD-CHF	0.8920	0.8930	0.8910	0.07	1.12	3.64
Commodities	Last	High	Low	% Daily	% Weekly	% YTD
Gold	1979.82	1982.36	1972.08	0.27	2.43	8.54
Silver	22.96	23.13	22.88	-0.38	1.04	-4.17
Crude Oil	90.42	90.78	90.25	1.17	3.11	16.21
Bitcoin	29148.42	29410.50	28599.87	1.46	7.14	76.24
Etherium	1579.94	1595.70	1562.08	0.81	0.99	31.73
Period	1 M		3 M		12 M	
USD LIBOR *	5.45		5.68		6.04	
EURIBOR	3.86		3.99		4.20	
SOFR	5.34		5.41		5.47	
Notes/Bonds	2 Y		10 Y		30 Y	
US	5.14		4.94		5.07	
BTP - BUND	0.91		2.02		2.25	
GILTS	4.99		4.67		5.07	

INTERNATIONAL EQUITY MARKETS

(Sources: Bloomberg / Reuters)

UNITED STATES OF AMERICA

U.S. stocks ended solidly lower on Thursday, with shares of Tesla falling after its results and Treasury yields surging as Federal Reserve Chair Jerome Powell spoke about monetary policy and investors worried whether interest rates would stay higher for longer. Real estate day's worst-performing S&P sector.

EUROPE

European shares lost ground on Thursday as a raft of downbeat corporate earnings, including from packaged food giant Nestle, worsened the risk-averse mood, driven by jitters around the Middle East war and uncertainty over interest rates. Renault slides on Q3 revenue miss.

ASIA

Chinese stocks fell for a third session on Friday, tracking weaker global peers amid worries stemming from intensifying conflict in the Middle East and surging U.S. bond yields.

Index	Close	% Daily	% M	YTD	Futures	% Change
DJIA	33414.17	-0.75	-2.98	0.81	33512.00	-0.04
S&P	4278.00	-0.85	-2.82	11.42	4293.75	-0.15
Nasdaq	13186.17	-0.96	-2.10	25.98	14832.75	-0.32
DJ EuroStoxx50	4090.33	-0.38	-4.34	7.82	4077.00	-0.68
FTSE 100	7499.53	-1.17	-3.00	0.64	7500.00	-0.46
CAC 40	6921.37	-0.64	-5.58	6.91	6922.00	N/A
DAX	15045.23	-0.33	-4.67	8.06	15052.00	-0.51
IBEX 35	9146.80	-0.72	-5.17	11.15	9150.60	N/A
FTSE MIB	27746.82	-1.38	-5.07	17.04	27725.00	N/A
Nikkei	31430.62	-0.27	-5.08	20.13	31350.00	-0.19
Hang Seng	17295.89	-0.36	-3.65	-12.88	17198.00	-0.32
DFM General	3808.25	-1.93	-7.98	14.15	N/A	N/A
MSCI Tadawoul	10654.56	-0.56	-3.68	1.68	N/A	N/A
Leb. Mkts	Closing Px	High	Low	% Daily	% Weekly	YTD
Solidere A	73.65	76.00	72.70	-1.93	-2.77	20.94
Solidere B	76.90	78.00	74.00	6.07	3.57	27.42

MUST READ

(Source: Bloomberg/ Forexlive)

More Consolidation?

Devon Energy is considering major acquisition targets as it seeks to gain scale in U.S. shale, and has held preliminary talks in recent months about a combination with Marathon Oil (MRO). Devon has also been eyeing CrownRock, a Permian Basin producer led by Texas billionaire Timothy Dunn that has been exploring a potential \$10B sale. If either deal goes through, it would be Devon's largest since its \$2.6B takeover of WPX Energy. The update comes just a week after (XOM) said it will buy Pioneer Natural Resources (PXD) for \$59.5B, a deal that analysts applauded. In any case, SA analyst UFD Capital believes Devon could be an attractive acquisition target.

Third Attempt

Erik Haas, Johnson & Johnson's (JNJ) chief litigation lawyer, said the healthcare giant is weighing the possibility of another bankruptcy filing in its attempt to deal with tens of thousands of lawsuits related to its talcum powder products. If J&J goes ahead with the filing, it would be the third attempt to use bankruptcy as a way to handle talc litigation after it was beaten back twice. J&J is appealing a bankruptcy court's decision to deny its subsidiary LTL Management's filing, as the unit hadn't shown that it was in financial distress. Haas said this argument was incorrectly applied. As part of its second bankruptcy attempt, LTL had offered \$8.9B to settle all current and future talc claims.

MAIN WEEKLY EARNINGS

Company	Ticker	Market Cap	Date	Time	Estimate	Year Ago
American Express	AXP US	\$113.7 B	20-Oct-23	Pre-mkt	2.96	2.47
schlumberger N.V	SLB US	\$85.6 B	20-Oct-23	Pre-mkt	0.77	0.63
Regions Financial	RF US	\$15.7 B	20-Oct-23	Pre-mkt	0.59	0.56
Microsoft corpora	MSFT US	\$2.4 T	24-Oct-23	After-mkt	2.65	2.35
Visa Inc.	V US	\$449.1 B	24-Oct-23	After-mkt	2.23	1.93

ECONOMIC CALENDAR

(20-10-23) GB- Gfk Consumer Confidence OCT

(20-10-23) JP- National Consumer Price Index SEP; BoJ Governor Ueda speech

(20-10-23) US- President Biden speech

(20-10-23) DE- Producer Price Index SEP

(20-10-23) GB- Retail Sales SEP; Retail Sales ex-Fuel SEP

(20-10-23) CA- Retail Sales MoM AUG; Retail Sales ex Autos MoM AUG

(20-10-23) US- Fed's Harker speech; Monthly Budget Statement AUG

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