

Daily Market Brief

December 20th 2023



FOREIGN EXCHANGE MARKETS

(Sources: Bloomberg / Reuters)

EUR/USD

The EUR/USD pair trades with mild losses and remains capped under the 1.1000 psychological mark during the early Asian trading hours on Wednesday. The upside looks favorable for the major amid the US Dollar (USD) weakness. Data from Eurostat on Tuesday showed that Eurozone inflation missed market expectations in November due to the fall in energy prices. Later on Wednesday, traders will focus on the German Producer Price Index (PPI) for November.

GBP/USD

GBP/USD retraces its recent gains registered in the previous session, edging lower near 1.2720 during the Asian session on Wednesday. The GBP/USD pair receives downward pressure ahead of the slew of economic data releases from the United Kingdom (UK) on Wednesday. BoE Deputy Governor Sarah Breeden expressed on Tuesday that it would be crucial for policy to remain at restrictive levels to curb inflation pressures.

USD/JPY

USD/JPY saw a hard rally early Tuesday after the Bank of Japan (BoJ) cut the knees out from underneath soaring market expectations of an unexpected hawkish pivot sparked by recent comments from BoJ Governor Kazuo Ueda, who noted that the BoJ's current monetary policy framework could see some tightening at some point in the future if the macro data favors it.

Fx rates	Last	High	Low	% Daily	% Weekly	% YTD
EUR-USD	1.0958	1.0985	1.0956	-0.21	0.77	2.36
GBP-USD	1.2714	1.2735	1.2711	-0.14	0.76	5.22
USD-JPY	143.71	144.10	143.37	-0.09	-0.57	-8.76
USD-CHF	0.8614	0.8616	0.8592	0.06	1.20	7.33
Commodities	Last	High	Low	% Daily	% Weekly	% YTD
Gold	2041.25	2042.44	2036.83	0.04	0.67	11.91
Silver	24.07	24.13	24.04	0.08	1.07	0.48
Crude Oil	74.08	74.16	73.86	0.19	6.25	-2.91
Bitcoin	42780.09	42999.97	42199.67	0.67	1.28	158.65
Etherium	2209.15	2221.91	2169.85	1.10	-1.69	84.19
Period	1 M	3 M	12 M			
EURIBOR	3.86	3.94	3.61			
SOFR	5.36	5.37	4.92			
Notes/Bonds	2 Y	10 Y	30 Y			
US	4.42	3.90	4.01			
BTP - BUND	0.54	1.62	2.01			
GILTS	4.29	3.65	4.15			

INTERNATIONAL EQUITY MARKETS

(Sources: Bloomberg / Reuters)

UNITED STATES OF AMERICA

The S&P 500 rose Tuesday, approaching its record high, as the Federal Reserve's recent dovish shift on rates lifted stocks. Energy stocks outperformed, with the S&P 500 sector up by 1.2% as oil prices rose. Occidental Petroleum shares gained 2.3%, while Halliburton and Exxon Mobil shares were each higher by more than 1%. All three major averages on pace to finish December with gains. The S&P 500 is up 4.4% for the month.

EUROPE

European markets closed higher Tuesday, rebounding slightly from lackluster trade in the previous session. The pan-European Stoxx 600 closed up 0.43%, with the majority of sectors finishing in positive territory. Travel and leisure stocks added 1.7% to lead gains, while oil and gas was flat after gains seen Monday on the back of Red Sea shipping concerns.

ASIA

Asian shares mostly advanced on Wednesday after Wall Street ticked higher amid hopes that Japan's moves to keep interest rates easy for investors could augur similar trends in the rest of the world. China kept its benchmark lending rates unchanged at the monthly fixing on Wednesday.

Index	Close	% Daily	% M	YTD	Futures	% Change
DJIA	37557.92	0.68	6.85	13.31	37925.00	-0.02
S&P	4768.37	0.59	4.86	24.19	4820.00	0.01
Nasdaq	15003.22	0.66	5.03	43.35	17027.50	0.02
DJ EuroStoxx50	4535.40	0.32	4.44	19.55	4582.00	0.13
FTSE 100	7638.03	0.31	1.89	2.50	7696.50	0.37
CAC 40	7574.67	0.08	4.52	17.01	7608.00	N/A
DAX	16744.41	0.56	5.30	20.26	16955.00	0.06
IBEX 35	10106.70	0.52	2.72	22.82	10095.50	N/A
FTSE MIB	30363.53	0.41	2.78	28.08	30434.00	N/A
Nikkei	33675.94	1.37	0.86	29.05	33600.00	1.42
Hang Seng	16505.00	0.79	-6.43	-15.90	16648.00	0.73
DFM General	3997.58	0.06	-0.06	19.90	N/A	N/A
MSCI Tadawoul	11713.46	0.32	5.35	11.79	N/A	N/A
Leb. Mrkts	Closing Px	High	Low	% Daily	% Weekly	YTD
Solidere A	82.00	82.00	79.50	7.54	17.14	34.65
Solidere B	81.90	82.00	79.00	6.92	18.61	35.71

MUST READ

(Source: Bloomberg/ Forexlive)

Oil Rally Pauses as Red Sea Shipping Risks Plague Global Trade

Oil was little changed after two days of gains, as traders and shippers braced for the prospect of more disruptions in the Red Sea. Global benchmark Brent held above \$79 a barrel after rising more than 3% in the previous two sessions. West Texas Intermediate was steady near \$74. The US and its allies are considering possible military strikes against Iran-backed Houthi rebels in Yemen in recognition that a previously announced task force may not be enough to eliminate the threat to shipping in the vital waterway. The escalated geopolitical risks have introduced a premium to an oil market plagued by skepticism about OPEC+ adhering to production cuts and concerns of increased supply from outside the cartel, especially from the US. Crude has dropped almost a fifth since late September on the prospect of a glut, and as the regional fallout from the Israel-Hamas war remained contained. While the rising tension in the Red Sea hasn't significantly changed the outlook for oil, it could signal a potential escalation of the conflict, which could have significant implications, said Daniel Hynes, a senior commodities strategist at ANZ Group Holdings Ltd. The Red Sea is a vital trade conduit for oil, and has gained importance for barrels from Russia en route to Asia after European buyers shunned them because of the invasion of Ukraine. Russia's seaborne crude exports climbed again on a four-week average basis, despite a dip in weekly flows.

MAIN WEEKLY EARNINGS

Company	Ticker	Market Cap	Date	Time	Estimate	Year Ago
Micron Technolog	MU US	\$90.23B	20-Dec-23	Aft-mkt	-1.07	-0.01
Blackberry LTD	BB US	\$2.46B	21-Dec-23	Pre-mkt	-0.02	-0.09
AAR Corp	AIR US	\$2.55B	21-Dec-23	Aft-mkt	0.80	0.69
Nike Inc	NKE US	\$184.36B	21-Dec-23	Aft-mkt	0.85	0.85
Carnival Corp	CCL US	\$23.40B	21-Dec-23	Aft-mkt	-0.13	-0.85

ECONOMIC CALENDAR

(20-12-23) DE - PPI YoY
(20-12-23) UK - CPI MoM / CPI YoY
(20-12-23) US - MBA Mortgage Applications / Existing Home Sales
(21-12-23) US - Initial Jobless Claims
(22-12-23) JP - Nat'l CPI YoY
(22-12-23) UK - GDP YoY / QoQ
(22-12-23) IT - Manufacturing Confidence

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