

Daily Market Brief

May 21th 2024



FOREIGN EXCHANGE MARKETS

(Sources: Bloomberg / Reuters)

EUR/USD

EUR/USD eased back from 1.0880 on Monday as talking points from Fed officials weighed on otherwise quiet market flows. Broader markets are keenly anxious for signs of a rate cut from the Fed, but central planners continue to force down expectations with a tricky inflation outlook hobbling the Fed's options on rate moves. ECB geared for a summer rate cut, but mismatched talking points muddy the waters.

GBP/USD

The GBP/USD pair extends the rally near 1.2710 on Tuesday during the early Asian session. Investors await fresh catalysts, with different Fed speakers set to speak later in the day. On Wednesday, the UK CPI inflation data and FOMC Minutes will be closely watched. Fed officials remain cautious about the timing of rate cuts, emphasizing the need to hold rates higher for longer. The UK CPI inflation is expected to ease to 2.1% YoY in April from 3.2% prior.

USD/JPY

The JPY lost ground for the fourth consecutive session on Tuesday, driven by the significant interest rate differential between Japan and the US. This pressure on the JPY has bolstered the USD/JPY pair. Market sentiment emerges that the BoJ may raise interest rates earlier than expected against the backdrop of the weak JPY. Japanese Finance Minister Shunichi Suzuki voiced worries regarding the adverse effects of the weak Japanese Yen.

Fx rates	Last	High	Low	% Daily	% Weekly	% YTD
EUR-USD	1.0860	1.0862	1.0851	0.03	0.38	-1.62
GBP-USD	1.2709	1.2712	1.2697	0.02	0.93	-0.17
USD-JPY	156.32	156.55	156.18	0.04	0.06	-9.77
USD-CHF	0.9103	0.9116	0.9101	-0.03	-0.42	-7.57
Commodities	Last	High	Low	% Daily	% Weekly	% YTD
Gold	2415.68	2433.10	2406.55	-0.40	2.44	17.10
Silver	31.49	32.50	31.07	-1.06	10.02	32.33
Crude Oil	79.22	79.72	79.22	-0.73	1.54	9.84
Bitcoin	71140.29	71929.57	68941.68	2.33	8.98	67.36
Etherium	3647.55	3719.93	3487.49	4.17	24.14	59.82
Period	1 M		3 M		12 M	
EURIBOR	3.80		3.83		3.65	
SOFR	5.32		5.33		5.14	
US Fed Rate		5.31				
Notes/Bonds	2 Y		10 Y		30 Y	
US	4.84		4.44		4.58	
BTP - BUND	0.46		1.28		1.68	
GILTS	4.35		4.17		4.65	

INTERNATIONAL EQUITY MARKETS

(Sources: Bloomberg / Reuters)

UNITED STATES OF AMERICA

The Nasdaq Composite rose on Monday, powered by gains in Nvidia and other tech companies. Meanwhile, the Dow Jones Industrial Average lagged the broader market as JPMorgan Chase led losses. Investors will be keeping a close eye on Nvidia's fiscal first-quarter results due Wednesday afternoon to gauge the strength of the AI-led rally.

EUROPE

European markets closed slightly higher on Monday, after a strong run of gains stumbled at the end of last week. The majority of sectors ending in the green. Industrials stocks were up 0.96% as autos fell 0.77%. Swiss luxury goods group Richemont rose 5.3% after several analysts raised target prices on the stock.

ASIA

Asian shares mostly fell Tuesday, even as most U.S. stock indexes finished higher, especially technology issues like Nvidia. In Asia, investors are focused on signs about the health of Chinese economy. S&P Global Market Intelligence raised this year's growth forecast to 4.8% from 4.7% in April, but stressed it was not overly optimistic.

Index	Close	% Daily	% M	YTD	Futures	% Change
DJIA	39806.77	-0.49	4.79	5.62	39950.00	0.01
S&P	5308.13	0.09	6.86	11.29	5333.75	0.03
Nasdaq	16794.88	0.65	9.90	11.88	18752.50	-0.06
DJ EuroStoxx50	5074.34	0.20	3.18	12.23	5062.00	-0.28
FTSE 100	8424.20	0.05	6.69	8.93	8398.00	-0.56
CAC 40	8195.97	0.35	2.16	8.65	8161.20	#N/A N/A
DAX	18768.96	0.35	5.82	12.04	18798.00	-0.27
IBEX 35	11339.50	0.10	5.69	12.25	11303.60	#N/A N/A
FTSE MIB	34825.01	-1.62	2.66	14.74	34959.00	0.00
Nikkei	39069.68	-0.12	5.27	16.61	39040.00	-0.10
Hang Seng	19636.22	-1.74	18.93	13.18	19293.00	-1.72
DFM General	4067.20	-0.03	-2.57	0.18	N/A	N/A
MSCI Tadawoul	12125.36	-0.60	-3.14	1.32	N/A	N/A

Leb. Mrkts	Closing Px	High	Low	% Daily	% Weekly	YTD
Solidere A	69.20	70.00	68.00	1.99	-0.65	-22.33
Solidere B	67.75	68.10	67.75	2.73	-3.21	-24.68

MUST READ

(Source: Bloomberg/ Forexlive)

Debt — and delinquencies — are on the rise for Americans

The economy has been resilient, the job market healthy and consumers keep spending, but more Americans are becoming financially overextended — especially on their credit cards. New data released Tuesday by the Federal Reserve Bank of New York showed that as household debt balances grew during the first quarter, delinquencies also marched higher. Notably, the percentage of credit card balances in serious delinquency (90 days or more late) climbed to its highest level since 2012. "In the first quarter of 2024, credit card and auto loan transition rates into serious delinquency continued to rise across all age groups," Joelle Scally, regional economic principal within the Household and Public Policy Research Division at the New York Fed, said in a statement. "An increasing number of borrowers missed credit card payments, revealing worsening financial distress among some households." Aggregate delinquency rates increased during the first quarter to 3.2% of outstanding debt in some stage of delinquency, the highest since the fourth quarter of 2020, according to the New York Fed's latest Quarterly Report on Household Debt and Credit. The transitions into delinquency — especially serious delinquency — increased across all debt types, according to the report. Delinquencies fell to historic lows during the pandemic as consumers spent less during the health and safety lockdowns and were able to build up savings and pay off debt with those funds and economic stimulus payments. However, as supply chain and spending imbalances fueled domestic and global inflation — and subsequently a rise of interest rates; delinquencies have moved higher in recent years.

MAIN WEEKLY EARNINGS

Company	Ticker	Market Cap	Date	Time	Estimate	Year Ago
Macy's Inc	M US	\$ 5.26B	21-May-24	Pre-mkt	0.15	0.56
Target Corp	TGT US	\$ 72.35B	22-May-24	Pre-mkt	2.05	2.05
Nvidia	NVDA US	\$ 2.33T	22-May-24	Aft-mkt	5.64	1.09
Snowflake Inc	SNOW US	\$ 55.07B	22-May-24	Aft-mkt	0.19	0.15
Ralph Lauren	RL US	\$ 10.67B	23-May-24	Pre-mkt	1.66	0.00

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

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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