

Daily Market Brief

August 23rd, 2024



FOREIGN EXCHANGE MARKETS

(Sources: Bloomberg / Reuters)

EUR/USD

The EUR/USD is set to finish Thursday's session with losses of over 0.30% after the Greenback was bolstered by high US Treasury yields, even though Fed officials support a rate cut at the upcoming meeting in September. Rising jobless claims and PMI results show service growth but worsening manufacturing contraction. ECB's Kazaks suggests possible rate cuts with a cautious, restrictive policy approach.

GBP/USD

The GBP/USD pair trades in positive territory for the seventh consecutive day near 1.3105 during the early European session on Friday. The BoE Governor Andrew Bailey and Fed Chair Jerome Powell's speech at the Jackson Hole Symposium on Friday will be in the spotlight and might give a clearer direction about the interest rate path.

USD/JPY

The JPY strengthens against the USD following the release of the National CPI inflation data and a speech by BoJ Governor Kazuo Ueda in Parliament on Friday. Ueda stated that "the BoJ raised rates in July as the economy and inflation moved largely in line with forecasts." The Japanese yen gained 0.4% to 145.63 per dollar after Bank of Japan Kazuo Ueda flagged an willingness to raise interest rates if the economy and inflation turn out as forecast.

Fx rates	Last	High	Low	% Daily	% Weekly	% YTD
EUR-USD	1.1123	1.1129	1.1108	0.10	0.87	0.76
GBP-USD	1.3107	1.3113	1.3086	0.12	1.26	2.95
USD-JPY	145.65	146.34	145.30	-0.44	1.36	-3.17
USD-CHF	0.8518	0.8529	0.8504	-0.05	1.68	-1.22
Commodities	Last	High	Low	% Daily	% Weekly	% YTD
Gold	2490.99	2495.82	2484.26	0.25	-0.68	20.75
Silver	29.24	29.30	28.94	0.87	0.89	22.87
Crude Oil	73.00	73.19	72.83	-0.01	-3.36	2.85
Bitcoin	60857.68	61091.31	60314.73	0.29	1.73	43.17
Etherium	2677.29	2680.71	2617.76	1.98	0.41	17.31
Period	1 M	3 M	12 M			
EURIBOR	3.60	3.54	3.16			
SOFR	5.28	5.07	4.26			
US Fed Fund Rate (Indicator)		5.31				
Notes/Bonds	2 Y	10 Y	30 Y			
US	3.99	3.84	4.12			
BTP - BUND	0.48	1.37	1.79			
GILTS	3.72	3.96	4.50			

INTERNATIONAL EQUITY MARKETS

(Sources: Bloomberg / Reuters)

UNITED STATES OF AMERICA

The S&P 500 pulled back on Thursday as investors readied for a speech by Federal Reserve Chair Jerome Powell at the central bank's annual Jackson Hole conference. Thursday's action comes as market participants turn attention to Powell's speech at the Jackson Hole Economic Symposium on Friday.

EUROPE

European stocks closed higher on Thursday as investors digested the Federal Reserve's latest comments on the future path of interest rates. Minutes from the ECB's last meeting released Thursday showed that policymakers were in no rush to cut rates in July but that they saw September as the next best opportunity to consider a further easing.

ASIA

Asian shares stuttered on Friday while the dollar rebounded from one-year lows as investors were cautious ahead of a speech by the world's most powerful central banker with markets looking for confirmation U.S. rate cuts would start in September. Ueda stuck to the script by saying the central bank stood ready to raise rates if the economy and prices move in line with its forecast.

Index	Close	% Daily	% M	YTD	Futures	1W % Change
DJIA	40712.78	-0.43	0.88	8.02	40922.00	0.31
S&P	5570.64	-0.89	0.27	16.79	5612.75	0.62
Nasdaq	17619.35	-1.67	-2.10	17.37	19681.25	0.39
DJ EuroStoxx50	4885.00	-0.01	-0.65	8.04	4901.00	0.86
FTSE 100	8288.00	0.06	1.48	7.17	8333.50	-0.05
CAC 40	7524.11	-0.01	-0.98	-0.25	7435.20	0.00
DAX	18493.39	0.24	-0.35	10.40	18556.00	0.85
IBEX 35	11156.30	0.37	-0.50	10.44	10940.90	0.00
FTSE MIB	33310.93	0.00	-3.83	9.75	33412.00	0.74
Nikkei	38211.01	0.36	-3.15	14.60	38330.00	0.63
Hang Seng	17641.00	-0.32	0.66	3.15	N/A	N/A
DFM General	4309.08	0.33	2.20	6.14	N/A	N/A
MSCI Tadawoul	12194.43	0.06	0.73	1.90	N/A	N/A

Leb. Mrkts	Closing Px	High	Low	% Daily	% Weekly	YTD
Solidere A	81.20	81.95	78.05	3.77	-0.73	-8.87
Solidere B	79.65	80.00	79.00	3.37	7.64	-11.45

MUST READ

(Source: Bloomberg/ Forexlive)

BOJ's Ueda signals readiness to raise rates if growth, inflation on track

Bank of Japan Governor Kazuo Ueda on Friday reaffirmed his resolve to raise interest rates if inflation stayed on course to sustainably hit the 2% target, suggesting recent market volatility would not derail its long-term rate hike plan. But Ueda warned that markets remained jittery and may affect the BOJ's inflation forecasts, a sign that yen and stock price moves will be key to determining the next rate hike timing. Ueda said the market volatility seen in early August was due to rising fears of a U.S. recession, stoked by the country's weak economic data, while the BOJ's interest rate hike in July led to a sharp reversal of "one-sided yen falls". "Markets at home and abroad remain unstable, so we will be highly vigilant to market developments for the time being," Ueda said in parliament, where he was summoned to explain the BOJ's decision in July to raise interest rates. But he said there was "no change to the BOJ's basic stance to adjust the degree of monetary easing if it became convinced that economic and price developments were moving as forecast." "Japan's short-term rates are very low. If the economy is in good shape, they will move up to levels deemed neutral," Ueda said. But he added that there was "very high uncertainty on where rates will eventually rise to." The yen rose against the dollar on Ueda's comments as investors interpreted them as signaling more rate hikes would be forthcoming. In tightening policy in July, Ueda said the BOJ would raise rates further if inflation remains on track to durably hit its 2% target in coming years, as the board projects. Ueda said volatile moves in the yen could affect the BOJ's median inflation projections, in which case the board would debate whether a policy shift was needed. However, even if yen moves do not affect the BOJ's median forecasts, they could warrant changing policy if they posed big enough upside or downside risks to those projections, he said.

MAIN WEEKLY EARNINGS

Company	Ticker	Market Cap	Date	Time	Estimate	Year Ago
PDD Holdings Inc	PDD US	\$ 204.41B	26-Aug-24	Pre-mkt	20.52	10.47
Abercrombie & Fi	ANF US	\$ 8.43B	28-Aug-24	Pre-mkt	1.69	0.39
Netapp Inc	NTAP US	\$ 27.06B	28-Aug-24	Aft-mkt	1.45	1.15
HP Inc	HPQ US	\$ 34.33B	28-Aug-24	Aft-mkt	0.86	0.86
Nvidia Corporatio	NVDA US	\$ 3.04T	28-Aug-24	Aft-mkt	0.65	0.27

ECONOMIC CALENDAR

(23-08-24) US - New Home Sales
(26-08-24) US - Durable Goods ORders
(27-08-24) DE - GDP SA QoQ / NSA YoY / WDA YoY
(27-08-24) US - Conf. Board Consumer Confidence
(28-08-24) DE - Gfk Consumer Confidence
(29-08-24) DE - CPI YoY / MoM
(29-08-24) US - GDP Annualized QoQ

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