

# Daily Market Brief

May 27th 2024



## FOREIGN EXCHANGE MARKETS

(Sources: Bloomberg / Reuters)

### EUR/USD

The EUR/USD pair trades in positive territory for the second consecutive day around 1.0850 in Monday's early Asian session. The stronger-than-expected preliminary Eurozone PMI for May provides some support to the EUR. However, the chance that the ECB will cut interest rates in the upcoming months might cap the upside of the major pair. The stronger US data and the Fed's hawkish stance might lift the USD and cap the pair's upside.

### GBP/USD

The GBP managed to eke out minor gains against the USD this week after the GBP/USD pair touched the highest level in two months above 1.2750. The hawkish sentiment surrounding the fading expectations of interest rate cuts by both the BoE and the US Fed emerged as the underlying theme this week, with resurgent US Dollar demand partly offsetting the optimism seen around the British Pound. Tuesday and Wednesday Fed speakers are likely to dominate, with the US Dollar price action expected to drive the GBP/USD pair.

### USD/JPY

USD/JPY churned on Friday, wrapping up close to where it started the day, just below the 157.00 handle, as investors looked to recover balance after a tense week. Japanese National CPI inflation ticked lower in April. Risk appetite recovered after US consumer inflation outlook improved.

| Fx rates    | Last     | High     | Low      | % Daily | % Weekly | % YTD  |
|-------------|----------|----------|----------|---------|----------|--------|
| EUR-USD     | 1.0849   | 1.0856   | 1.0838   | 0.02    | -0.07    | -1.72  |
| GBP-USD     | 1.2740   | 1.2743   | 1.2729   | 0.02    | 0.27     | 0.07   |
| USD-JPY     | 156.76   | 157.04   | 156.67   | -0.15   | -0.32    | -10.03 |
| USD-CHF     | 0.9144   | 0.9148   | 0.9138   | -0.03   | -0.42    | -7.98  |
| Commodities | Last     | High     | Low      | % Daily | % Weekly | % YTD  |
| Gold        | 2342.76  | 2347.65  | 2332.34  | 0.38    | -3.40    | 13.56  |
| Silver      | 30.80    | 30.92    | 30.37    | 1.77    | -3.22    | 29.43  |
| Crude Oil   | 78.00    | 78.03    | 77.69    | 0.36    | -1.64    | 8.38   |
| Bitcoin     | 68534.43 | 69254.07 | 68188.13 | -0.22   | -1.26    | 61.23  |
| Etherium    | 3908.09  | 3938.80  | 3818.44  | 1.27    | 4.26     | 71.23  |
| Period      | 1 M      |          | 3 M      |         | 12 M     |        |
| EURIBOR     | 3.79     |          | 3.81     |         | 3.73     |        |
| SOFR        | 5.33     |          | 5.34     |         | 5.20     |        |
| US Fed Rate |          | 5.31     |          |         |          |        |
| Notes/Bonds | 2 Y      |          | 10 Y     |         | 30 Y     |        |
| US          | 4.95     |          | 4.47     |         | 4.57     |        |
| BTP - BUND  | 0.51     |          | 1.31     |         | 1.68     |        |
| GILTS       | 4.50     |          | 4.26     |         | 4.71     |        |

## INTERNATIONAL EQUITY MARKETS

(Sources: Bloomberg / Reuters)

### UNITED STATES OF AMERICA

The Nasdaq closed Friday at a fresh record high as gains in chipmaker Nvidia outweighed worries that the Federal Reserve will delay interest rate cuts. The bullish sentiment on the AI giant and other tech names powered the market higher, even as concerns the Fed will not lower rates this summer lingered.

### EUROPE

European markets closed lower on Friday, mirroring a global trend as the U.S. interest rate outlook weighed on sentiment. While the European Central Bank still looks on track to begin cutting interest rates in June, the Bank of England's own course was thrown further into doubt this week by hotter-than-expected inflation figures.

### ASIA

Hong Kong stocks led losses in Asia Pacific on Friday after Wall Street tumbled overnight on rate worries, while investors also digested inflation data from Japan. Japan's core inflation — which strips out fresh food and energy — eased to 2.2% from 2.6% in March, in line with expectations. Headline inflation slowed to 2.5%,

| Index          | Close    | % Daily | % M   | YTD   | Futures  | % Change |
|----------------|----------|---------|-------|-------|----------|----------|
| DJIA           | 39069.59 | 0.01    | 2.17  | 3.66  | 39145.00 | -0.03    |
| S&P            | 5304.72  | 0.70    | 4.01  | 11.21 | 5320.00  | -0.02    |
| Nasdaq         | 16920.79 | 1.10    | 6.23  | 12.72 | 18865.75 | -0.05    |
| DJ EuroStoxx50 | 5035.41  | -0.04   | 0.57  | 11.37 | 5039.00  | -0.06    |
| FTSE 100       | 8317.59  | -0.26   | 2.18  | 7.56  | 8333.50  | 0.00     |
| CAC 40         | 8094.97  | -0.09   | 0.08  | 7.32  | 8078.00  | 0.00     |
| DAX            | 18693.37 | 0.01    | 2.93  | 11.59 | 18753.00 | -0.04    |
| IBEX 35        | 11246.00 | -0.58   | 0.82  | 11.32 | 11265.50 | 0.00     |
| FTSE MIB       | 34490.71 | 0.07    | 0.70  | 13.64 | 34597.00 | 0.00     |
| Nikkei         | 38646.11 | 0.45    | 2.33  | 16.00 | 38820.00 | 0.57     |
| Hang Seng      | 18608.94 | 0.65    | 6.12  | 9.87  | 18709.00 | 0.69     |
| DFM General    | 4012.65  | -0.27   | -3.27 | -1.16 | N/A      | N/A      |
| MSCI Tadawoul  | 11850.64 | -1.21   | -3.30 | -0.98 | N/A      | N/A      |

| Leb. Mrkts | Closing Px | High  | Low   | % Daily | % Weekly | YTD    |
|------------|------------|-------|-------|---------|----------|--------|
| Solidere A | 70.00      | 70.00 | 70.00 | 0.00    | 3.17     | -21.44 |
| Solidere B | 70.00      | 70.00 | 70.00 | 0.00    | 6.14     | -22.18 |

## MUST READ

(Source: Bloomberg/ Forexlive)

### BoJ will proceed cautiously with inflation targeting frameworks

The BOJ will proceed cautiously with inflation-targeting frameworks, Governor Kazuo Ueda said on Monday, noting that some challenges are "uniquely difficult" for Japan after years of ultra-easy monetary policy. Ueda said Japan has "made progress in moving away from zero and lifting inflation expectations." To achieve 2% inflation in a sustainable and stable manner, the BOJ "will proceed cautiously, as do other central banks with inflation-targeting frameworks," he said. "While many of the challenges we face are similar to those encountered by our counterparts, some are uniquely difficult for us," the BOJ chief added. Ueda noted that estimating the neutral interest rate accurately is particularly challenging in Japan, given the prolonged period of near-zero short-term interest rates over the past three decades. "The absence of significant interest rate movements poses a considerable obstacle in assessing the economy's response to changes in interest rates," he said. BOJ Deputy Governor Uchida said the end of Japan's battle against persistent deflation is in sight, but acknowledged that anchoring inflation expectations to the 2% target is "a big challenge." Labour market conditions have changed structurally & irreversibly, helping resolve the original causes of deflation such as excess labour supply, Uchida said. "We returned to a conventional monetary policy framework, aiming at a 2% price stability target through adjustments of the short-term policy rate, which means we have overcome the zero lower bound," he said. Ueda has said the central bank intends to hike rates to levels considered neutral for the economy, as long as growth & inflation move in line with its projections.

## MAIN WEEKLY EARNINGS

| Company          | Ticker  | Market Cap | Date      | Time    | Estimate | Year Ago |
|------------------|---------|------------|-----------|---------|----------|----------|
| Abercrombie & Fi | ANF US  | \$ 7.66B   | 29-May-24 | Pre-mkt | 1.69     | 0.39     |
| Chewy Inc        | CHWY US | \$ 7.21B   | 29-May-24 | Pre-mkt | 0.16     | 0.20     |
| Salesforce Inc   | CRM US  | \$ 264.46B | 29-May-24 | Aft-mkt | 2.38     | 1.69     |
| HP Inc           | HPQ US  | \$ 32.05B  | 29-May-24 | Aft-mkt | 0.81     | 0.80     |
| Dollar General   | DG US   | \$ 31.90B  | 30-May-24 | Pre-mkt | 1.57     | 2.34     |

## ECONOMIC CALENDAR

(29-05-24) DE - CPI YoY / MoM  
(30-05-24) US - GDP Annualized QoQ  
(30-05-24) US - Core PCE Price Index QoQ  
(30-05-24) US - Initial Jobless Claims  
(31-05-24) JP - Jobless Rate  
(31-05-24) EA - CPI MoM  
(31-05-24) CA - GDP MoM / YoY

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