

Daily Market Brief

June 27th 2024



FOREIGN EXCHANGE MARKETS

(Sources: Bloomberg / Reuters)

EUR/USD

EUR/USD backslid into the 1.0680 region on Wednesday after the German GfK Consumer Confidence Survey for July ticked lower unexpectedly, and a lack of meaningful data during the American trading session left investors to chew on a cautious Fed stance this week that saw rate cut bets shift lower. Broad-market sentiment favored the Greenback on Wednesday as rate cut hopes dry up.

GBP/USD

GBP/USD backslid into familiar near-term lows on Wednesday as tepid market flows bolstered the US Dollar. The Pound Sterling remained pinned on the low side as the pair struggled to stay above 1.2600. Wednesday brought little of note in scheduled releases, with the UK absent from the economic calendar and US New Home Sales Change in May clocking in a -11.3% decline MoM compared to the previous month's 2.0%, revised sharply from the initial print of -4.7%.

USD/JPY

The USD/JPY pair drifts lower during the Asian session on Thursday and erodes a part of the previous day's strong gains to the 160.85-160.90 region, or its highest level since 1986. Spot prices currently trade around mid-160.00s, though any meaningful corrective decline seems elusive in the wake of a big US-Japan interest rate differential. The divergent BoJ-Fed policy could limit losses ahead of the US macro data.

Fx rates	Last	High	Low	% Daily	% Weekly	% YTD
EUR-USD	1.0696	1.0697	1.0677	0.14	-0.06	-3.11
GBP-USD	1.2639	1.2640	1.2613	0.13	-0.14	-0.72
USD-JPY	160.40	160.81	160.31	-0.26	-0.92	-12.07
USD-CHF	0.8967	0.8976	0.8966	-0.08	-0.59	-6.17
Commodities	Last	High	Low	% Daily	% Weekly	% YTD
Gold	2298.87	2301.18	2296.59	0.03	-2.59	11.43
Silver	28.75	28.83	28.68	-0.06	-6.47	20.84
Crude Oil	80.80	80.89	80.51	-0.12	-0.60	12.71
Bitcoin	60782.83	61205.22	60688.38	-0.28	-5.41	42.99
Etherium	3369.50	3395.05	3360.21	-0.61	-3.58	47.64
Period	1 M	3 M	12 M			
EURIBOR	3.64	3.70	3.58			
SOFR	5.34	5.33	5.04			
US Fed Fund Rate (Indicator)	5.31					
Notes/Bonds	2 Y	10 Y	30 Y			
US	4.75	4.33	4.47			
BTP - BUND	0.68	1.54	1.90			
GILTS	4.24	4.13	4.62			

INTERNATIONAL EQUITY MARKETS

(Sources: Bloomberg / Reuters)

UNITED STATES OF AMERICA

The S&P 500 eked out a small gain Wednesday as investors evaluated their holdings following a booming first half of the year led by artificial intelligence plays. The Nasdaq is set for a 18.6% first-half gain because of a big run in Nvidia. Rivian Automotive soared 23.2% after Volkswagen Group said it would invest up to \$5 billion in the electric vehicle company.

EUROPE

European stocks fell on Wednesday, extending negative sentiment seen in the previous trading session. The euro suffered a second day of losses against the U.S. dollar, falling 0.3%, as investors eye political risk and gear up for fresh U.S. inflation data out Friday.

ASIA

Asia-Pacific markets mostly rose Wednesday as semiconductor and related stocks jumped after Nvidia rallied overnight, while higher Australia's inflation rate climbed for a third straight month. The higher-than-expected inflation reading could spur the RBA to raise interest rates.

Index	Close	% Daily	% M	YTD	Futures	1Y % Change
DJIA	39127.80	0.04	0.15	3.82	39485.00	11.07
S&P	5477.90	0.16	3.26	14.84	5533.00	20.18
Nasdaq	17805.16	0.49	5.23	18.61	19957.00	25.97
DJ EuroStoxx50	4915.94	-0.41	-2.83	8.73	4959.00	13.32
FTSE 100	8225.33	-0.27	-1.11	6.36	8273.50	6.82
CAC 40	7609.15	-0.69	-6.44	0.87	7643.00	-3.95
DAX	18155.24	-0.12	-3.30	8.38	18336.00	10.15
IBEX 35	11030.50	-0.80	-2.60	9.19	10979.40	1.59
FTSE MIB	33541.98	-0.49	-3.51	10.51	33773.00	19.99
Nikkei	39667.07	-0.95	1.01	17.41	39290.00	22.97
Hang Seng	18089.93	-2.02	-5.86	3.97	17728.00	-8.39
DFM General	4006.07	0.18	-0.53	-1.32	N/A	N/A
MSCI Tadawoul	11656.35	-0.63	-1.48	-2.60	N/A	N/A
Leb. Mrkts	Closing Px	High	Low	% Daily	% Weekly	YTD
Solidere A	69.95	69.95	69.60	0.43	0.65	-21.49
Solidere B	69.25	69.30	69.10	0.29	0.29	-23.01

MUST READ

(Source: Bloomberg/ Forexlive)

Bank of Japan opens door for a hawkish double surprise

The Bank of Japan is dropping signals its quantitative tightening (QT) plan in July could be bigger than markets think, and may even be accompanied by an interest rate hike, as it steps up a steady retreat from its still-huge monetary stimulus. Hawkish hints delivered over the past week highlight the pressure the central bank faces in the wake of renewed yen falls, which could push inflation well above its 2% target by raising import costs. Notwithstanding a market shock or severe economic downturn, a rate hike would be on the table at each policy meeting, including July's, said three sources familiar with its thinking. The BOJ kept interest rates steady around zero this month. However, the board debated the need for a timely hike with one member signaling the chance of doing so to prevent cost pressures from pushing up inflation too much, a summary of the meeting showed on Monday. That was largely read as a sign the bank is gearing up for near-term action. Governor Kazuo Ueda told reporters after the meeting that a rate hike next month cannot be ruled out. Hiking rates at the July 30-31 meeting could have a huge impact on markets, as the BOJ also intends to announce a detailed plan on how it would trim its massive bond buying and reduce the size of its \$5 trillion balance sheet. Ueda has said the BOJ could make a "sizeable" cut to its bond buying, suggesting the scale of reduction could be large to ensure markets shake off the shackles of yield curve control - a policy that was ditched in March. As with other central banks, the focus of the BOJ would be to craft a QT plan that avoids causing unwelcome spikes in bond yields.

MAIN WEEKLY EARNINGS

Company	Ticker	Market Cap	Date	Time	Estimate	Year Ago
Acuity Brands	AYI US	\$ 7.38B	27-Jun-24	Pre-mkt	4.08	3.75
Lindsay	LNN US	\$ 1.25B	27-Jun-24	Pre-mkt	1.17	1.53
Walgreens Boots	WBA US	\$ 13.51B	27-Jun-24	Pre-mkt	0.68	1.00
Nike Inc	NKE US	\$ 141.97B	27-Jun-24	Aft-mkt	0.85	0.66
Accolade Inc	ACCD US	\$ 480.5M	27-Jun-24	Aft-mkt	-0.27	-0.33

ECONOMIC CALENDAR

(27-06-24) US - GDP Annualized QoQ
(27-06-24) US - Durable Goods Orders
(28-06-24) US - PCE Price Index YoY
(27-06-24) UK - GDP QoQ / YoY
(28-06-24) US - U. Of Michigan Sentiment
(01-07-24) UK - Mortgage Approvals
(01-07-24) DE - CPI YoY / QoQ

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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