

Daily Market Brief

October 27 2023



FOREIGN EXCHANGE MARKETS

(Sources: Bloomberg / Reuters)

EURUSD

The EUR/USD pair struggles to capitalize on the previous day's bounce from the 1.0520 area, or over a one-week low and edges lower during the Asian session on Friday. Spot prices trade with a mild negative bias for the fourth straight day, albeit manage to hold just above mid-1.0500s.

GBPUSD

The GBP/USD pair struggles to capitalize on the previous day's goodish rebound from the 1.2070 area, or over a three-week low and swings between gains/minor losses during the Asian session on Friday. Spot prices, meanwhile, manage to hold comfortably above the 1.2100 round-figure mark and remain at the mercy of the US Dollar (USD) price dynamics.

USDJPY

USD/JPY price action has been frustrating to watch as it essentially flatlined before the latest move into what many consider to be the threshold for FX intervention – the 150 level. The pair was trading around 150.50 before witnessing moderate selling pressure to bring it back below 150, only to return immediately. Following in the footsteps of the US, Japanese government bond yields have been steadily rising, forcing the BoJ to step in and purchase bonds to keep government borrowing costs from spiraling.

Fx rates	Last	High	Low	% Daily	% Weekly	% YTD
EUR-USD	1.0558	1.0570	1.0553	-0.05	-0.34	-1.37
GBP-USD	1.2123	1.2141	1.2120	-0.05	-0.34	0.33
USD-JPY	150.21	150.41	150.08	-0.13	-0.23	-12.71
USD-CHF	0.8995	0.8996	0.8981	0.08	-0.82	2.78
Commodities	Last	High	Low	% Daily	% Weekly	% YTD
Gold	1986.65	1990.02	1982.95	0.10	0.26	8.92
Silver	22.89	22.92	22.76	0.43	-2.06	-4.43
Crude Oil	84.54	84.75	83.40	1.60	-4.02	9.35
Bitcoin	34119.69	34291.05	33801.11	-0.21	14.26	106.29
Etherium	1793.49	1811.25	1773.35	-0.28	9.29	49.54
Period	1 M		3 M		12 M	
USD LIBOR *	5.44		5.65		6.04	
EURIBOR	3.85		3.94		4.12	
SOFR	5.33		5.39		5.40	
Notes/Bonds	2 Y		10 Y		30 Y	
US	5.06		4.88		5.03	
BTP - BUND	0.88		2.01		2.25	
GILTS	4.82		4.60		5.07	

INTERNATIONAL EQUITY MARKETS

(Sources: Bloomberg / Reuters)

UNITED STATES OF AMERICA

Stocks fell Thursday, pulled lower by a downcast tech earnings season that overshadowed a stronger-than-expected GDP report. The Nasdaq fell further into correction territory, despite lower bond yields. The U.S. economy grew at a remarkable 4.9% annual rate in the third quarter, as consumer spending soared and residential construction rose.

EUROPE

European stock markets closed lower Thursday as attention remained on third-quarter earnings and government bond yields. The index trimmed losses after the European Central Bank confirmed expectations it would hold interest rates steady after 10 consecutive hikes.

ASIA

Japan's Nikkei 225 index gained 1.54% to 31,072.93 as an unexpectedly high reading for consumer inflation in Tokyo raised hopes the central bank might finally end its longstanding near-zero interest rate policy. Chinese shares also halted their recent slide as the government reported that profits at China's industrial firms extended gains for a second month in September

Index	Close	% Daily	% M	YTD	Futures	% Change
DJIA	32784.30	-0.76	-2.28	-1.09	32961.00	0.27
S&P	4137.23	-1.18	-3.21	7.75	4178.50	0.54
Nasdaq	12595.61	-1.76	-3.80	20.34	14305.00	0.80
DJ EuroStoxx50	4049.40	-0.59	-1.99	6.74	4077.00	0.39
FTSE 100	7354.57	-0.81	-3.14	-1.30	7391.50	0.22
CAC 40	6888.96	-0.38	-2.59	6.41	6857.30	N/A
DAX	14731.05	-1.08	-3.20	5.80	14833.00	0.18
IBEX 35	8962.80	-0.24	-3.96	8.92	9038.70	N/A
FTSE MIB	27507.90	0.29	-1.80	16.03	27535.00	N/A
Nikkei	30991.69	1.27	-4.26	18.77	31040.00	1.47
Hang Seng	17044.61	2.40	-0.89	-11.76	17444.00	2.48
DFM General	3782.04	-0.31	-8.98	13.02	N/A	N/A
MSCI Tadawoul	10408.94	-0.91	-6.03	-0.66	N/A	N/A
Leb. Mkts	Closing Px	High	Low	% Daily	% Weekly	YTD
Solidere A	69.00	72.00	68.40	-0.87	-9.34	12.32
Solidere B	69.00	72.45	64.05	0.00	-5.02	14.33

MUST READ

(Source: Bloomberg/ Forexlive)

Israel-Hamas war could plunge the global economy into recession

The Israel-Hamas war has deeply divided societies around the world, including many companies and institutions. But as the Israeli offensive in Gaza intensifies, companies will have to shift gears from talking about the conflict and its impact on employees to dealing with its economic ramifications. Those could be so severe that they could plunge the world back into a recession, cause oil prices to surge to \$150, and depress stock prices by some 20%. Even companies that have no business in the Middle East would then be caught in its economic fallout. "If your market is 90% U.S.-based, in the Midwest, why should you care about the [conflict]? Well, you will have to care because it will have consequences that will affect your business," Daco said. "Depending on how diffuse the situation becomes, the consequences could go from very marginal to significant." The hypothetical situation outlined above, which Daco dubbed the "uncontained" scenario, includes a widening of the front to Lebanon and Syria, direct involvement of the U.S. and Iran, and wider social unrest in the Middle East. That outcome isn't more likely than a more contained scenario, which would limit the war to a ground offensive in Gaza and have almost no long-term global economic consequences. Still, CEOs better take all possibilities into account as they plan ahead. The prospect of long-term economic consequences also points to a definitive end to the days in which multinational companies could simply forecast economic growth, trade, and manufacturing costs for their global markets.

MAIN WEEKLY EARNINGS

Company	Ticker	Market Cap	Date	Time	Estimate	Year Ago
Exxon Mobil Corp	XOM US	\$429.54 B	27-Oct-23	Pre-mkt	2.36	4.45
Chevron Corp	CVX US	\$291.05 B	27-Oct-23	Pre-mkt	3.71	5.56
Mcdonald's Corp	MCD US	\$188.04 B	30-Oct-23	Pre-mkt	2.97	2.68
Sofi Technologies	SOFI US	\$6.73 B	30-Oct-23	Pre-mkt	-0.08	-0.09
Fannie Mae	FNMA US	\$3.97 B	31-Oct-23	Pre-mkt	0.60	0.41

ECONOMIC CALENDAR

(27-10-23) JP - Tokyo CPI YoY
(27-10-23) IT - Consumer Confidence Index / Manufacturing Confidence
(27-10-23) US - Personal Income / Personal Spending / U. of Michigan Sentiment
(30-10-23) UK - Mortgage Approvals
(30-10-23) EA - Consumer Confidence
(30-10-23) DE - CPI MoM / CPI YoY
(31-10-23) JP - Jobless Rate

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

Disclaimer: This report is published for information purposes only. The information herein has been compiled from, or based upon sources we believe to be reliable, but we do not guarantee or accept responsibility for its completeness and accuracy. This document should not be construed as a solicitation to take part in any investment, or as constituting any representation or warranty on our part. The investment risks described herein are not purported to be exhaustive, any person considering an investment should seek independent advice on the suitability or otherwise of the particular investment. Investment, Capital Market and Treasury products are subject to investment risk, including possible loss of principal amount invested. Past performance is not indicative of future results: prices can go up or down. Investors investing in investments and/or treasury products denominated in foreign (non-local) currency should be aware of the risk of exchange rate fluctuations that may cause loss of principal when foreign currency is converted to the investor's home currency. Client understands that it is his/her responsibility to seek legal and/or tax advice regarding the legal and tax consequences of his/her investment transactions. The consequences of any action taken on the basis of information contained herein are solely the responsibility of the recipient.