

Daily Market Brief

March 28th 2023



FOREIGN EXCHANGE MARKETS

(Sources: Bloomberg / Forexlive)

EURUSD

The EUR/USD pair has turned sideways after a firmer rally near 1.0820 in the Asian session. The major currency pair is struggling in extending its upside, however, more gains seem likely amid improved market sentiment. Fading U.S. banking jitters and rising hopes for an unchanged monetary policy by the Federal Reserve (Fed) have strengthened the risk appetite theme.

GBPUSD

The GBP/USD pair has extended its recovery above the round-level resistance of 1.2300 in the Asian session. The Cable has got strengthened amid weakness in the (DXY) in hopes that the Federal Reserve (Fed) will keep interest rates steady in its May monetary policy meeting to contain the banking fiasco.

USDJPY

The USD/JPY pair has witnessed an intense sell-off after failing to sustain above 131.50 in the Asian session. The asset has observed significant offers led by an extended correction in the US Dollar Index (DXY). The USD Index has stretched its downside to near 102.60 quickly as banking instability in the United States has started easing.

Fx rates	Last	High	Low	% Daily	% Weekly	% YTD
EUR-USD	1.0817	1.0819	1.0796	0.18	0.46	1.05
GBP-USD	1.2319	1.2322	1.2283	0.26	0.83	1.95
USD-JPY	131.00	131.60	130.51	-0.44	1.15	0.09
USD-CHF	0.9165	0.9175	0.9137	0.10	0.64	0.87
Commodities	Last	High	Low	% Daily	% Weekly	% YTD
Gold	1953.65	1964.09	1953.28	-0.15	0.70	7.11
Silver	22.93	23.19	22.93	-0.65	2.43	-4.27
Crude Oil	72.97	73.05	72.64	0.22	4.74	-9.30
Bitcoin	27112.16	27245.53	26832.68	0.24	-4.31	63.92
Etherium	1733.17	1735.63	1702.40	1.48	-4.72	44.51
Period	1 M	3 M	12 M			
USD LIBOR *	4.83	5.10	4.81			
EURIBOR	2.93	3.03	3.53			
* USD LIBOR rates will be discontinued after June 30, 2023 and will be replaced by SOFR						
Notes/Bonds	2 Y	10 Y	30 Y			
US	3.98	3.53	3.76			
BTP - BUND	0.47	1.83	1.97			
GILTS	3.31	3.37	3.81			

INTERNATIONAL EQUITY MARKETS

(Sources: Bloomberg / Reuters)

UNITED STATES OF AMERICA

The S&P 500 ended slightly higher on Monday as a deal for Silicon Valley Bank's assets helped to boost bank shares, while a decline in technology-related stocks limited the day's gains. Bank indexes higher; tech shares slip. First Citizens to buy SVB assets; shares jump.

EUROPE

European stocks climbed on Monday, as a sense of calm returned to markets following a week of turbulence over concerns about banking sector stability after the collapse of Credit Suisse and two U.S. mid-sized lenders. Novartis surges after positive trial results.

ASIA

Japanese shares traded higher on Tuesday, lifted by banking shares after U.S. lender First Citizens BancShares's acquisition of the assets of failed peer Silicon Valley Bank eased worries about the global financial system.

Index	Close	% Daily	% M	YTD	Futures	% Change
DJIA	32432.08	0.60	-0.69	-2.16	32751.00	0.36
S&P	3977.53	0.16	0.19	3.60	4019.25	0.29
Nasdaq	11768.84	-0.47	2.73	12.44	12820.50	0.25
DJ EuroStoxx50	4164.62	0.82	-1.74	9.78	4133.00	0.63
FTSE 100	7471.77	0.90	-5.14	0.27	7521.50	0.57
CAC 40	7078.27	0.90	-2.61	9.34	7157.00	N/A
DAX	15127.68	1.14	-1.55	8.65	15369.00	0.54
IBEX 35	8906.10	1.29	-5.20	8.23	8926.00	N/A
FTSE MIB	26206.67	1.21	-4.63	10.54	25925.00	N/A
Nikkei	27518.25	0.15	0.26	5.46	27290.00	0.07
Hang Seng	19567.69	1.05	-0.06	-0.04	19802.00	0.94
DFM General	3326.40	0.32	-2.93	0.03	N/A	N/A
MSCI Tadawoul	10463.61	0.04	3.57	-0.14	N/A	N/A
Leb. Mkts	Closing Px	High	Low	% Daily	% Weekly	YTD
Solidere A	88.00	88.95	85.00	0.00	-5.38	44.50
Solidere B	84.60	85.00	83.00	0.00	-6.00	40.18

MUST READ

(Source: Bloomberg/ Forexlive)

The Fed is signalling that a three-quarter recession will start in two weeks

Stocks whipsawed in the aftermath of the Fed's decision on March 22 to raise interest rates, but ultimately succumbed to selling pressure. Beyond the fact that the Fed was willing to move ahead with tightening in the face of elevated financial risks, the stock market was also hit by comments by U.S. Treasury Secretary Janet Yellen, who said the government isn't considering "blanket" deposit insurance to stabilize the banking system. Against this backdrop, we think the risk/reward profile for the broader market is unfavourable. Our preference is to focus on low-volatility stocks, companies with strong balance sheets and limited earnings cyclicality, which are themes we believe will serve investors well in the current environment. Elsewhere, just like the reaction in the German money market to the ECB's rate hike last week, the two-year U.S. Treasury yield plunged 23 bps, even with the 25 bps hike from Jerome Powell. The two-year T-note closed the day at 3.94% light years away from the 5%-plus "terminal" funds rate the Fed has penned in. The futures market barely moved and predicted the Fed will start cutting in July and finish the year at four to 4.25%, and then drop down to 2.75 to 3% by the end of 2024. There is one official on the FOMC who has a "dot plot" not far off from where we are: 4.75 to 5% by the end of this year and then to 3.25 to 3.5% by the end of 2024. The FX market seems to be calling the Fed's bluff that we are going to be seeing more rate hikes, with the DXY dollar index slipping 0.7% and riding the longest losing streak (five days) since April 2021 (gold loved this, rallying 1.7% to US\$1,978 per ounce). Oh, and as for the futures strip, it is a toss-up for whether the Fed goes again at the May meeting. Seeing as the central bank is wholly data dependent, something tells me the data isn't going to be supportive of the Fed hawks from now until then (and beyond).

MAIN WEEKLY EARNINGS

(Source: Nasdaq)

Company	Ticker	Market Cap	Date	Time	Estimate	Year Ago
Micron Technolog	MU US	\$62.1 B	28-Mar-23	After-mkt	-0.77	2.05
Lululemon athletic	LULU US	\$40.3 B	28-Mar-23	After-mkt	4.25	3.37
Walgreens boots	WBA US	\$31.1 B	28-Mar-23	Pre-mkt	1.10	1.59
Cintas Corporatio	CTAS US	\$44.4 B	29-Mar-23	Pre-mkt	3.01	2.69
Paychex, Inc	PAYX US	\$39.8 B	29-Mar-23	Pre-mkt	1.24	1.15

ECONOMIC CALENDER

(Source: Forexlive)

(28-03-23) AU- Retail Sales s.a. MoM FEB; RBA's Ellis speech

(28-03-23) US- S&P/Case-Shiller Home Price Indices YoY JAN

(28-03-23) US- Housing Price Index MoM JAN; Consumer Confidence MAR

(29-03-23) CH- ZEW Survey - Expectations MAR; SNB Quarterly Bulletin Q1

(29-03-23) US- Pending Home Sales MoM FEB

(29-03-23) CA- BoC's Gravelle speech

(30-03-23) EA- Economic Bulletin; Consumer Confidence MAR; Business Climate MAR

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