

FOREIGN EXCHANGE MARKETS

(Sources: Bloomberg / Reuters)

EUR/USD

The pair's third consecutive daily advance occurred amidst a late bounce in the Greenback and a marked rebound in US yields, against the backdrop of renewed speculation that the Fed might maintain its restrictive stance longer than expected, a view that remained propped up by hawkish Fed speak. The President of the Reserve Bank of Minneapolis, Neel Kashkari, reiterated that the Fed should wait for significant progress on inflation before reducing interest rates.

GBP/USD

The GBP/USD pair trades with mild losses around 1.2760 during the Asian session on Wednesday. The modest recovery of the USD and US yields amid the diminishing expectations of a rate cut by the US Fed in September weighs on the major pair. The Fed's Beige Book is due later on Wednesday and the Fed's John Williams is due to speak.

USD/JPY

USD/JPY drifted into the high end on Tuesday, testing towards 157.40 as broad-market weakness in the JPY sends Yen pairs broadly higher. Japanese Tokyo CPI inflation remains a key print for Yen traders this week, with US growth and inflation figures a high-impact release for investors looking for signs of rate cuts from the Fed.

Fx rates	Last	High	Low	% Daily	% Weekly	% YTD
EUR-USD	1.0846	1.0860	1.0844	-0.10	0.21	-1.75
GBP-USD	1.2752	1.2766	1.2747	-0.08	0.28	0.17
USD-JPY	157.26	157.40	157.13	0.06	-0.29	-10.31
USD-CHF	0.9125	0.9128	0.9118	0.00	0.35	-7.79
Commodities	Last	High	Low	% Daily	% Weekly	% YTD
Gold	2359.84	2361.63	2354.52	-0.06	-0.80	14.39
Silver	32.27	32.30	31.83	0.53	4.82	35.63
Crude Oil	80.13	80.32	80.05	0.38	1.87	11.34
Bitcoin	68677.23	68848.45	68180.66	0.64	-0.25	61.56
Etherium	3872.26	3882.67	3825.77	1.15	3.76	69.66
Period	1 M	3 M	12 M			
EURIBOR	3.79	3.80	3.74			
SOFR	5.33	5.35	5.21			
US Fed Fund Index Benchmark	5.31					
Notes/Bonds	2 Y	10 Y	30 Y			
US	4.97	4.56	4.67			
BTP - BUND	0.51	1.31	1.69			
GILTS	4.50	4.28	4.74			

INTERNATIONAL EQUITY MARKETS

(Sources: Bloomberg / Reuters)

UNITED STATES OF AMERICA

More than 350 stocks in the broad S&P 500 were tracking for losses in the session. Minneapolis Federal Reserve President Neel Kashkari said he wants to see "many more months" of data pointing to easing inflation before cutting rates. He also said he would not rule out further rate hikes if price pressures tick up again. Investors are gearing up for the PCE inflation reading on Friday.

EUROPE

European markets closed lower on Tuesday as investors await inflation data from both sides of the Atlantic due later in the week. Investors are continuing to weigh the prospects of a June rate cut by the ECB after two key policymakers threw their weight behind the prospect on Monday. Investors are likely to closely monitor the euro zone's latest inflation data on Friday.

ASIA

Asia-Pacific markets were mostly lower Tuesday as investors assessed comments from the European Central Bank officials signaling that rate cuts may be on the horizon for the world's largest economic bloc.

Index	Close	% Daily	% M	YTD	Futures	% Change
DJIA	38852.86	-0.55	1.22	3.09	38792.00	-0.38
S&P	5306.04	0.02	3.71	11.24	5303.00	-0.40
Nasdaq	17019.88	0.59	6.49	13.38	18867.00	-0.38
DJ EuroStoxx50	5030.35	-0.57	0.99	11.26	5033.00	-0.06
FTSE 100	8254.18	-0.76	1.32	6.74	8234.50	-0.44
CAC 40	8057.80	-0.92	-0.09	6.82	8055.00	0.00
DAX	18677.87	-0.52	3.09	11.50	18690.00	-0.26
IBEX 35	11276.00	-0.44	1.58	11.62	11291.00	0.00
FTSE MIB	34659.55	-0.29	1.06	14.19	34756.00	0.00
Nikkei	38855.37	-0.54	1.87	15.48	38630.00	-0.51
Hang Seng	18821.16	-1.47	4.49	8.78	18530.00	-1.35
DFM General	3986.89	-1.01	-4.18	-1.80	N/A	N/A
MSCI Tadawoul	11659.94	-1.45	-5.74	-2.57	N/A	N/A
Leb. Mrkts	Closing Px	High	Low	% Daily	% Weekly	YTD
Solidere A	69.70	70.00	69.50	-0.43	-0.43	-21.77
Solidere B	68.10	70.00	67.50	0.15	-0.58	-24.29

MUST READ

(Source: Bloomberg / Forexlive)

More interest-rate hikes aren't off the table yet, Fed president says

As markets debate the timing of when interest rates could finally ease, investors shouldn't be so sure rate hikes won't resume. According to Minneapolis Federal Reserve Bank president, Neel Kashkari, monetary policy is likely restrictive enough for now, but no central banker can say with certainty that more rate hikes are completely out of the question. "I don't think anybody has formally taken them off the table, even me," he said during a Tuesday presentation in London, and later added: "Of course, if we get surprised by the data, then we would do what we need to do." All of this is determined by how far away inflation is from the Fed's 2% target, which every central banker is committed to reaching, Kashkari said. In that spirit, most of his colleagues are for now set on keeping monetary policy unchanged as they await more clarity on the direction of consumer prices in the US. Kashkari agrees with this approach. In a separate interview with CNBC on Tuesday, he stressed that there's no hurry to cut rates. "The most recent inflation print that we got on the CPI data was marginally better than the earlier prints from the first three months, but it's still not where we needed to get to," he said, continuing: "I think we're right now we're in a good position because the labor market remains strong in the US. So we have the luxury of being able to sit here until we gain confidence on where inflation is headed." Still, though outlooks have shifted throughout this year, markets still expect inflation to fall low enough for rate cuts to emerge in 2024. As of Tuesday, investors are pricing in an interest rate pivot by November.

MAIN WEEKLY EARNINGS

Company	Ticker	Market Cap	Date	Time	Estimate	Year Ago
Abercrombie & Fi	ANF US	\$ 7.78B	29-May-24	Pre-mkt	1.69	0.39
Chewy Inc	CHWY US	\$ 7.35B	29-May-24	Pre-mkt	0.16	0.20
Salesforce Inc	CRM US	\$ 262.07B	29-May-24	Aft-mkt	2.38	1.69
HP Inc	HPQ US	\$ 32.43B	29-May-24	Aft-mkt	0.81	0.80
Dollar General	DG US	\$ 31.25B	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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