

Daily Market Brief

January 31 2024



FOREIGN EXCHANGE MARKETS

(Sources: Bloomberg / Reuters)

EUR/USD

The EUR/USD drops to the 1.0815 region in the last hour. The JOLTS report published on Tuesday showed that US job openings unexpectedly increased to 9.02 million in December and suggested that the labor market is too strong for the Federal Reserve (Fed) to start cutting interest rates in the first quarter. geopolitical risks stemming from conflicts in the Middle East and China's economic woes, assists the safe-haven US Dollar (USD) exerts some pressure on the EUR/USD pair.

GBP/USD

The risk aversion sentiment is driving Investors towards USD, which in turn, undermines the GBP/USD pair. Investors are expected to closely monitor the US ADP Employment Change data scheduled for release on Wednesday. BoE is expected to keep the interest rate unchanged for the fourth consecutive time in its upcoming Thursday meeting.

USD/JPY

The USD/JPY remains positive in the day, trimming some of its Monday's losses, sponsored by an uptick in US Treasury yields, which underpinned the Greenback (USD). Job openings are rising, underscoring a strong labor market that powers economic growth. Traders' attention turns to Wednesday's Fed's monetary policy decision.

Fx rates	Last	High	Low	% Daily	% Weekly	% YTD
EUR-USD	1.0818	1.0848	1.0816	-0.25	-0.62	-2.00
GBP-USD	1.2674	1.2703	1.2673	-0.20	-0.41	-0.45
USD-JPY	147.85	147.87	147.19	0.16	-0.23	-4.61
USD-CHF	0.8633	0.8636	0.8613	0.17	-0.06	-2.54
Commodities	Last	High	Low	% Daily	% Weekly	% YTD
Gold	2034.15	2038.72	2032.94	-0.14	1.01	-1.40
Silver	23.02	23.21	23.02	-0.66	1.55	-3.26
Crude Oil	77.58	78.11	77.45	-0.31	3.32	7.99
Bitcoin	42948.01	43576.53	42665.51	-1.38	2.27	1.04
Etherium	2332.72	2381.85	2326.75	-1.99	3.26	2.21
Period	1 M		3 M			12 M
EURIBOR	3.85		3.91			3.58
SOFR	5.33		5.31			4.79
Notes/Bonds	2 Y		10 Y			30 Y
US	4.32		4.02			4.24
BTP - BUND	0.58		1.53			1.97
GILTS	4.34		3.90			4.53

INTERNATIONAL EQUITY MARKETS

(Sources: Bloomberg / Reuters)

UNITED STATES OF AMERICA

The S&P 500 was lower Tuesday as Wall Street waits for the latest Federal Reserve decision on interest rates. Traders will watch for updates out of the FOMC's two-day policy meeting that got underway Tuesday. The fed funds futures market has priced in a 97% probability that the central bank will leave rates unchanged, according to the CME FedWatch tool, so investors are instead left anticipating a shift in the policy statement that will close out the meeting.

EUROPE

European markets gained on Tuesday, marking a fresh two-year high as investors digested preliminary fourth-quarter gross domestic product figures for the euro zone. The euro zone economy stabilized in the fourth quarter of 2023, according to flash figures published by the European Union's statistics agency.

ASIA

Asia-Pacific markets mostly fell Tuesday, with Hong Kong markets leading losses in the region as investors continue to grapple with the fallout from Evergrande's liquidation order. Japan's unemployment rate in December fell to 2.4%, lower than 2.5% in the month before and slightly below expectations.

Index	Close	% Daily	% M	YTD	Futures	% Change
DJIA	38467.31	0.35	2.06	2.06	38607.00	-0.01
S&P	4924.97	-0.06	3.25	3.25	4929.00	-0.43
Nasdaq	15509.90	-0.76	3.32	3.32	17434.50	-0.86
DJ EuroStoxx50	4662.70	0.50	3.12	3.12	4678.00	-0.11
FTSE 100	7666.31	0.44	-0.87	-0.87	7658.50	0.01
CAC 40	7677.47	0.48	1.78	1.78	N/A Real Tim	N/A
DAX	16972.34	0.18	1.32	1.32	17061.00	-0.08
IBEX 35	10039.30	1.51	-0.62	-0.62	N/A Real Tim	N/A
FTSE MIB	30623.27	1.29	0.90	0.90	30787.00	N/A
Nikkei	36286.71	0.61	8.43	8.43	36370.00	1.03
Hang Seng	15703.45	-1.57	-9.33	-9.33	15765.00	0.00
DFM General	4168.43	0.29	2.97	2.97	N/A	N/A
MSCI Tadawoul	11985.97	-2.18	0.16	0.16	N/A	N/A

Leb. Mrkts	Closing Px	High	Low	% Daily	% Weekly	YTD
Solidere A	82.50	84.00	79.30	4.23	10.22	-7.41
Solidere B	83.45	85.00	80.30	8.66	12.77	-7.23

MUST READ

(Source: Bloomberg/ Forexlive)

Investors want big rate cuts in 2024 – but

Markets are looking for multiple interest rate cuts from the Federal Reserve in 2024, but history suggests severe downside for investors if policymakers fulfill those expectations before a recession strikes. Fed funds futures show investors think odds are about 32% for interest rates to finish the year at 4.00%-4.25% and 37% odds for 3.75%-4.00%, a level that would represent five or six cuts to come over the course of 2024. The Fed, on the other hand, has projected three rate cuts, according to its December 2023 Summary of Economic Projections, which would bring the benchmark rate to the 4.50-4.75% range by the end of this year. The period in question was the 1985-1986 cutting cycle. The strategists pointed out that this policy easing cycle helped fuel stocks to massive rallies in both years, with the S&P 500 gaining 31% and 18%, respectively. Not long after, however, rate cuts were followed Black Monday on October 19, 1987, when the S&P 500 crashed 20% in a single day, and the Dow tumbled 23%. In short, there is no precedent for more than 1.0 percentage points of rate cuts without an imminent recession, according to DataTrek. Stocks have already surged to start the year, which suggests the risk of overextending to unsustainable levels is high as it is. "The Fed knows the cautionary tale of 1985-1986 and, at lower absolute policy rates now, they have even more reason to be cautious about the pace of rate cuts in 2024," Colas and Rabe wrote.

MAIN WEEKLY EARNINGS

Company	Ticker	Market Cap	Date	Time	Estimate	Year Ago
Boeing Co	BA US	\$ 121.26B	31-Jan-24	Pre-mkt	-0.76	-1.75
Mastercard Incoꝛ	MA US	\$ 417.49B	31-Jan-24	Pre-mkt	3.08	2.65
Qualcomm Incoꝛp	QCOM US	\$ 162.48B	31-Jan-24	Aft-mkt	2.36	2.38
Apple Inc	AAPL US	\$ 2.91T	01-Feb-24	Aft-mkt	2.11	1.88
Amazon.com Inc	AMZN US	\$ 1.64T	01-Feb-24	Aft-mkt	1.02	0.75

ECONOMIC CALENDAR

(31-01-24) JP - Industrial Production MoM
(31-01-24) FR - CPI YoY
(31-01-24) DE - Unemployment Change
(31-01-24) US - MBA Mortgage Applications
(31-01-24) US - ADP Employment Change
(31-01-24) US - FOMC Rate Decision
(01-02-24) UK - Bank of England Rate

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