

Daily Market Brief

September 3rd, 2024



FOREIGN EXCHANGE MARKETS

(Sources: Bloomberg / Reuters)

EUR/USD

EUR/USD trades marginally higher in the 1.1060s on Monday, as the EUR strengthens against the USD on the back of still-high probabilities the Fed could implement a sharp cut in interest rates at their September meeting. This, in turn, weighs on the USD because lower interest rates make it less attractive to foreign investors, lowering capital inflows.

GBP/USD

The GBP/USD pair trades on a weaker note near 1.3125 during the early European session on Tuesday. The sell-off of the major pair is dragged lower by the firmer USD ahead of the key US economic data. The BoE Deputy Governor Sarah Breeden is set to speak later on Tuesday, followed by the release of the US ISM Manufacturing Purchasing Managers Index.

USD/JPY

The JPY ended its four-day losing streak, edging higher against the USD on Tuesday. However, the JPY encountered headwinds as weak Japanese manufacturing data fueled speculation that the Bank of Japan might postpone further rate hikes. The US Dollar receives support from improving Treasury yields.

Fx rates	Last	High	Low	% Daily	% Weekly	% YTD
EUR-USD	1.1059	1.1073	1.1054	-0.12	-1.12	0.18
GBP-USD	1.3124	1.3149	1.3117	-0.17	-1.03	3.09
USD-JPY	146.26	147.21	146.14	-0.45	-1.57	-3.57
USD-CHF	0.8522	0.8529	0.8511	0.06	-1.24	-1.27
Commodities	Last	High	Low	% Daily	% Weekly	% YTD
Gold	2494.79	2499.99	2489.88	-0.19	-1.18	20.93
Silver	28.39	28.57	28.29	-0.54	-5.28	19.32
Crude Oil	74.13	74.41	72.89	0.79	-4.25	4.44
Bitcoin	59184.41	59808.39	58886.18	0.31	-0.59	39.23
Etherium	2521.17	2564.71	2513.31	-1.32	-0.76	10.47
Period	1 M	3 M	12 M			
EURIBOR	3.59	3.49	3.09			
SOFR	5.20	5.02	4.22			
US Fed Fund Rate (Indicator)	5.31					
Notes/Bonds	2 Y	10 Y	30 Y			
US	3.93	3.91	4.20			
BTP - BUND	0.47	1.44	1.78			
GILTS	4.12	4.06	4.57			

INTERNATIONAL EQUITY MARKETS

(Sources: Bloomberg / Reuters)

UNITED STATES OF AMERICA

Stocks rose on Friday, with the Dow Jones Industrial Average posting a fresh record high as investors ended a volatile month on a high note. The personal consumption expenditures price index, the Federal Reserve's preferred inflation gauge, rose 0.2% on a monthly basis in July and 2.5% from a year ago. The result was in line with estimates from economists polled by Dow Jones.

EUROPE

Share markets fell slightly on Monday as investors braced for a data-packed week culminating in a U.S. jobs report that could decide whether a rate cut expected this month will be regular or super-sized.

ASIA

Asia-Pacific markets were mixed on Monday, with some major markets reversing losses as investors assessed China's business activity numbers released over the weekend. The manufacturing PMI fell to a six-month low of 49.1, a faster contraction compared to the 49.4 seen in July. On the other hand, China's non manufacturing PMI climbed to 50.3, up from July's 50.2.

Index	Close	% Daily	% M	YTD	Futures	1W % Change
DJIA	41563.08	0.55	4.59	10.28	41588.00	0.55
S&P	5648.40	1.01	5.65	18.42	5654.50	0.16
Nasdaq	17713.63	1.13	5.59	18.00	19562.75	-0.49
DJ EuroStoxx50	4973.07	0.30	7.21	9.99	4986.00	1.38
FTSE 100	8363.84	-0.15	2.31	8.15	8389.50	0.19
CAC 40	7646.42	0.20	5.44	1.37	7663.00	0.99
DAX	18930.85	0.13	7.19	13.01	18979.00	1.19
IBEX 35	11395.30	-0.06	6.77	12.80	11427.50	0.66
FTSE MIB	34320.60	-0.15	7.19	13.08	34397.00	1.54
Nikkei	38700.87	-0.22	7.53	15.39	38610.00	0.84
Hang Seng	17691.97	-0.45	3.94	3.31	17648.00	-1.48
DFM General	4356.77	0.72	2.82	7.31	N/A	N/A
MSCI Tadawoul	12167.47	-0.18	1.01	1.67	N/A	N/A
Leb. Mrkts	Closing Px	High	Low	% Daily	% Weekly	YTD
Solidere A	88.25	89.90	85.00	4.87	6.45	-0.95
Solidere B	85.55	85.90	85.00	0.65	4.39	-4.89

MUST READ

(Source: Bloomberg/ Forexlive)

Chinese Yuan beats Euro to become the second most used currency

The Chinese yuan is surging rapidly in trade settlements elbowing the Euro to become the second most used currency. BRICS member China is advancing in toppling the Euro making the Chinese yuan take the spot below the US dollar. The Xi Jinping administration is aggressive in pushing its native currency on the global stage making several developing countries settle trade payments in it. While recent data from Bloomberg shows that the Chinese yuan outperformed the Euro in April 2024, it reclaimed the share again in June. The latest data from the payment messaging system SWIFT highlights that the Chinese yuan approached nearly 6% in April 2024. Trade payments in the Chinese yuan increased by 13.37% in June retaining the second place only below the US dollar. The development comes at a time when BRICS is looking to dim the lights on the US dollar and the Euro and make the Chinese yuan and other local currencies supreme. The internationalization of the Chinese yuan comes after the US pressed sanctions on Russia in February 2022 for invading Ukraine. BRICS country China took advantage of the situation pushing the de-dollarization agenda and the Chinese yuan across the globe. De-dollarization is a broader web that also targets the Euro, Pound, and other leading Western currencies. Even the US Treasury Secretary Janet Yellen confirmed that the sanctions are what led to BRICS initiating de-dollarization. China is convincing several developing countries to cut ties with the US dollar and settle trade in local currencies. The Communist country is also pushing the Chinese yuan as the first payment option with its BRICS counterparts. The threat to the US dollar and Euro from BRICS member China is looming while the Chinese yuan aims to take the top spot.

MAIN WEEKLY EARNINGS

Company	Ticker	Market Cap	Date	Time	Estimate	Year Ago
Zscaler Inc	ZS US	\$ 30.23B	03-Sep-24	Aft-mkt	0.70	0.64
Gilab Inc	GTLB US	\$ 7.53B	03-Sep-24	Aft-mkt	0.10	0.01
Hewlett Packard E	HPE US	\$ 25.18B	04-Sep-24	Aft-mkt	0.47	0.49
Dick's Sporting Gc	DKS US	19.31B	04-Sep-24	Pre-mkt	3.85	2.82
Docusign Inc	DOCU US	\$ 12.12B	05-Sep-24	Aft-mkt	0.80	0.72

ECONOMIC CALENDAR

(03-09-24) US - ISM Manufacturing
(03-09-24) US - S&P Global US Manufacturing PMI
(04-09-24) CA - Bank of Canada Rate Decision
(04-09-24) US - Jolts Job Openings
(04-09-24) US - Durable Goods Orders
(04-09-24) JP - Jibun Bank Japan PMI Composite
(04-09-24) EA - HCOB Eurozone Services PMI / Composite PMI

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