

Daily Market Brief

September 17th 2024



FOREIGN EXCHANGE MARKETS (Sources: Bloomberg / Reuters)

EUR/USD
The EUR/USD pair trades on a softer note near 1.1125 amid the modest recovery in US Dollar during the early Tuesday. Traders brace for the release of US Retail Sales data, which is due later in the day. On Wednesday, the US Federal Reserve interest rate decision will take center stage. Traders raise their bets that the Fed will cut a jumbo rate on Wednesday, pricing in a nearly 67% possibility of a reduction of 50 bps, up from 50% on Friday, according to the CME FedWatch Tool. Eurozone HICP inflation data will be released on Wednesday.

GBP/USD
The GBP/USD pair oscillates in a narrow trading band just above the 1.3200 mark during the Asian session on Tuesday and consolidates the previous day's strong move up to over a one-week high. Investors opt to move to the sidelines ahead of the key central bank event risks – the highly-anticipated two-day FOMC meeting starting this Tuesday and the BoE policy update on Thursday.

USD/JPY
The JPY remains solid for the sixth successive day against the USD on Tuesday, driven by the hawkish sentiment surrounding the Bank of Japan interest rates outlook. Traders await the BoJ policy decision on Friday, with expectations of keeping rates unchanged while leaving the possibility open for rate hikes in October and December.

Fx rates	Last	High	Low	% Daily	% Weekly	% YTD
EUR-USD	1.1127	1.1133	1.1122	-0.05	0.97	0.80
GBP-USD	1.3206	1.3219	1.3200	-0.08	0.96	3.73
USD-JPY	140.64	141.23	140.32	0.01	1.28	0.28
USD-CHF	0.8440	0.8455	0.8437	-0.09	0.36	-0.31
Commodities	Last	High	Low	% Daily	% Weekly	% YTD
Gold	2579.51	2586.35	2574.66	-0.11	2.49	25.04
Silver	30.78	30.88	30.68	0.17	8.39	29.37
Crude Oil	70.63	70.65	70.36	0.77	7.42	-0.49
Bitcoin	58679.44	58772.72	57601.94	1.75	0.83	38.04
Etherium	2301.87	2306.29	2263.27	1.23	-2.12	0.86
Period	1M	3M	6M	12M		
SOFR (\$)	5.01	4.86	4.48	3.89		
ESTR (€)	2.68	3.38	3.16	2.68		
SONIA (£)	4.93	4.83	4.64	4.23		
SARON (F)	0.96	0.89	0.76	0.63		
TONAR (¥)	0.22	0.15	0.11	0.05		
Central Banks Rates						
U.S.	5.50					
ECB	3.65					
BOE	5.00					

INTERNATIONAL EQUITY MARKETS (Sources: Bloomberg / Reuters)

UNITED STATES OF AMERICA
The S&P 500 ticked higher Monday as investors awaited the Federal Reserve's highly anticipated policy meeting, during which central bankers are expected to cut rates for the first time since 2020. Meanwhile, the Dow Jones Industrial Average rose to a new all-time high.

EUROPE
European stocks closed lower Monday as investors prepared for a bumper week of interest rate decisions from the U.S Federal Reserve and the Bank of England. The Bank of England will also meet Thursday for its latest monetary policy decision, with markets currently split on whether or not it will move to cut rates for the second time in two months.

ASIA
Asia-Pacific stocks traded mixed on Tuesday with Japan's Nikkei 225 dropping over 2%, as investors awaited for the Federal Reserve to kick off its monetary loosening cycle. The yen strengthened to 139.58 yen overnight, its weakest level since July 2023.

Index	Close	% Daily	% M	YTD	Futures	% Change
DJIA	41622.08	0.55	2.37	10.43	41647.00	-0.03
S&P	5633.09	0.13	1.42	18.10	5638.00	0.00
Nasdaq	17592.13	-0.52	-0.22	17.19	19454.25	0.11
DJ EuroStoxx50	4827.63	-0.34	-0.27	6.77	4845.00	0.37
FTSE 100	8278.44	0.06	-0.40	7.05	8323.50	0.52
CAC 40	7449.44	-0.21	0.00	-1.24	7454.00	0.00
DAX	18633.11	-0.35	1.70	11.23	18702.00	0.34
IBEX 35	11581.00	0.35	5.77	14.64	11589.90	0.00
FTSE MIB	33569.98	0.00	1.60	10.60	33590.00	0.00
Nikkei	36581.76	-1.67	-5.49	7.49	35760.00	-1.49
Hang Seng	17422.12	1.52	1.47	3.75	17718.00	1.52
DFM General	4395.24	0.34	3.58	8.26	N/A	N/A
MSCI Tadawoul	11867.37	-0.28	-0.40	-0.84	N/A	N/A
Leb. Mrkts	Closing Px	High	Low	% Daily	% Weekly	YTD
Solidere A	89.95	90.00	85.25	1.98	7.08	0.95
Solidere B	89.75	90.50	88.85	3.64	1.76	-0.22

MUST READ (Source: Bloomberg/ Forexlive)

US interest rate futures see higher odds of super-sized Fed move
Futures on the fed funds rate, which measures the cost of unsecured overnight loans between banks, have priced in a nearly 60% chance of a 50 basis-point rate cut by the Federal Reserve on Wednesday, LSEG calculations showed. That was up from 45% last Friday and from 25% following the release of an in-line U.S. consumer price index report last week. The Fed will hold a two-day policy meeting starting on Tuesday and is widely expected to reduce the benchmark overnight interest rate currently in the 5.25% to 5.50% range. The rate reduction, however, has turned into a coin flip between 50 and 25 bps over the last few days. For 2024, rate futures have factored nearly 120 bps in easing, and about 250 bps in cuts by September of 2025. Up until last Friday, the odds were pretty much tilted toward a 25-bp cut. But reports by the Wall Street Journal and Financial Times late Thursday saying a 50-bp rate reduction is still an option, and comments from former New York Fed President Bill Dudley arguing for an outsized cut, triggered a pivot in market expectations. On Monday, Dudley reiterated his stance on the need for the Fed to do a big cut on Wednesday. In an opinion piece on Bloomberg News, the former Fed official noted that the Fed's dual mandate of price stability and maximum sustainable employment has become more balanced, which suggests monetary policy should be neutral, neither restrictive nor boosting economic activity. Yet short-term interest rates remain far above neutral. This disparity needs to be corrected as quickly as possible," Dudley wrote. But whether the Fed goes 50 or 25 bps, Boris Kovacevic, global macro strategist at Convera in Vienna, said it does not really matter in the end "given the long lag and transmission mechanism, but it does matter in terms of how they want to be perceived." "If they go 50, there is chance that the Fed has some information that investors don't have and that recession risks are more likely than currently anticipated and priced in."

MAIN WEEKLY EARNINGS

Company	Ticker	Market Cap	Date	Time	Estimate	Year Ago
Ferguson Enterpri	FERG US	\$ 39.83B	17-Sep-24	Pre-mkt	2.87	2.77
General Mills	GIS US	\$ 41.54B	18-Sep-24	Pre-mkt	1.06	1.09
Lennar Corporatic	LEN US	\$ 50.90B	19-Sep-24	Aft-mkt	3.65	3.91
Fedex Corporatio	FDX US	\$ 71.68B	19-Sep-24	Aft-mkt	4.89	4.55
MillerKnoll Inc	MLKN US	\$ 1.89B	19-Sep-24	Aft-mkt	0.40	0.37

ECONOMIC CALENDAR

(17-09-24) CA - CPI NSA MoM / CPI YoY
(17-09-24) US - Industrial Production MoM
(18-09-24) UK - CPI MoM / YoY
(18-09-24) JP - Core Machine Orders MoM / YoY
(18-09-24) UK - CPI MoM / YoY
(18-09-24) EA - CPI MoM / YoY
(18-09-24) US - FOMC Rate Decision (Upper / lower bound)

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