

Daily Market Brief

May 18th 2023



FOREIGN EXCHANGE MARKETS

(Sources: Bloomberg / Forexlive)

EURUSD

EUR/USD fades late Wednesday's rebound from the lowest levels in six weeks as market sentiment dwindles heading into Thursday's European session. Also exerting downside pressure on the Euro pair, down 0.05% intraday near 1.0840 by the press time, are the doubts about the European Central Bank's (ECB) hawkish bias versus the recent pick-up in the odds favoring the Federal Reserve's (Fed) rate hike in June.

GBPUSD

The GBP/USD pair has gauged an intermediate support around 1.2480 after a mild correction and is looking to reclaim the psychological resistance of 1.2500. The Cable is expected to get stronger due to a correction in the US Dollar Index (DXY) and an absence of evidence of United Kingdom inflation softening ahead.

USDJPY

The USD/JPY is gathering strength for printing a fresh five-month high above 138.00 in the Asian session. The asset has got immense strength as the Bank of Japan (BoJ) is expected to continue keeping its monetary policy loose enough to sustain inflationary pressures at elevated levels.

Fx rates	Last	High	Low	% Daily	% Weekly	% YTD
EUR-USD	1.0832	1.0848	1.0830	-0.07	-0.77	1.19
GBP-USD	1.2471	1.2493	1.2468	-0.13	-0.32	3.21
USD-JPY	137.54	137.74	137.29	-0.10	-2.19	-4.67
USD-CHF	0.8994	0.8995	0.8973	0.11	-0.58	2.79
Commodities	Last	High	Low	% Daily	% Weekly	% YTD
Gold	1978.93	1986.04	1978.32	-0.15	-1.79	8.49
Silver	23.60	23.78	23.60	-0.62	-2.40	-1.47
Crude Oil	72.43	72.83	72.43	-0.55	2.20	-9.69
Bitcoin	27274.38	27474.08	27263.35	-0.23	1.32	64.90
Etherium	1822.11	1829.73	1818.83	-0.25	1.01	51.92
Period	1 M	3 M	12 M			
USD LIBOR *	5.11	5.35	5.28			
EURIBOR	3.16	3.38	3.81			
* 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	4.15	3.56	3.85			
BTP - BUND	0.67	1.85	2.06			
GILTS	3.87	3.84	4.27			

INTERNATIONAL EQUITY MARKETS

(Sources: Bloomberg / Reuters)

UNITED STATES OF AMERICA

U.S. stocks rose sharply on Wednesday, fueled by optimism over a potential deal on the \$31.4 trillion federal debt ceiling and as a rebound in regional bank shares eased concerns about an escalation in the sector's troubles. Target climbs despite cautious outlook.

EUROPE

European shares slipped on Wednesday as concerns about whether the United States can avoid a debt default weighed on sentiment, along with a slew of downbeat corporate updates. Commerzbank slides as outlook disappoints.

ASIA

China stocks rebounded on Thursday following two sessions of declines, as investors snapped up banking and artificial intelligence (AI) shares after data showed the country's economic recovery was losing steam.

Index	Close	% Daily	% M	YTD	Futures	% Change
DJIA	33420.77	1.24	-1.64	0.83	33430.00	-0.14
S&P	4158.77	1.19	0.09	8.32	4169.50	-0.05
Nasdaq	12500.57	1.28	2.86	19.43	13643.50	0.00
DJ EuroStoxx50	4323.23	0.18	-1.61	13.96	4344.00	0.65
FTSE 100	7723.23	-0.36	-2.35	3.64	7763.50	0.55
CAC 40	7399.44	-0.09	-1.78	14.30	7402.00	N/A
DAX	15951.30	0.34	0.43	14.56	16077.00	0.56
IBEX 35	9211.60	0.22	-2.23	11.94	9209.50	N/A
FTSE MIB	27196.46	-0.01	-2.49	14.72	26963.00	N/A
Nikkei	30093.59	1.65	6.74	17.23	30590.00	1.76
Hang Seng	19560.57	1.04	-4.30	-0.09	19722.00	1.19
DFM General	3565.82	1.62	1.54	6.89	N/A	N/A
MSCI Tadawoul	11277.60	0.64	1.02	7.63	N/A	N/A
Leb. Mrkts	Closing Px	High	Low	% Daily	% Weekly	YTD
Solidere A	82.50	83.50	80.70	2.74	2.74	35.47
Solidere B	82.50	82.90	81.85	2.55	1.04	36.70

MUST READ

(Source: Bloomberg/ Forexlive)

The next few decades could bring a massive stock market collapse

The next few decades could bring on an epic stock market collapse, according to a Finnish economics professor and researcher from the University of Vaasa who's sounding the alarm over an "armageddon" financial crisis. In a recent paper titled "Armageddon of Financial Markets: Is the US equity market eventually going to collapse?", Klaus Grosby pointed to extraordinary events that have rattled markets over the past decade, including the 2008 financial crisis, the pandemic, and the Russia-Ukraine war, which rocked global financial markets since last year. Those stressors have all had "dramatic" impacts on the world economy, Grosby said, disrupting supply chains and spawning high inflation that central bankers are still trying to control. So far in the US, the Fed has hiked rates to fight inflation. But when combined with ballooning levels of US debt, central bankers could be forced to choose between relieving debt burdens or stamping out high prices, economists warn, meaning a severe recession and stock market crash could be on the horizon. Grosby's paper re-examined past studies of stock market crashes to determine if another cataclysm was headed for the US market. Specifically, he referred to a 2001 paper that concluded that the US stock market was growing at such a rate it was headed for "finite-time singularity" - meaning growth is unsustainable, and will eventually lead to an "apocalyptic collapse" in stocks. The 2001 paper pulled 1790-1999 data from the Dow Jones 30 Index. Using a model that detects faster-than-exponential growth to identify stock market bubbles, the researchers concluded that the US equity market was headed for a collapse in 2052.

MAIN WEEKLY EARNINGS

(Source: Nasdaq)

Company	Ticker	Market Cap	Date	Time	Estimate	Year Ago
Walmart Inc.	WMT US	\$412.8 B	18-May-23	Pre-mkt	1.31	1.30
Alibaba Group	BABA US	\$220.8 B	18-May-23	Pre-mkt	0.92	1.45
Heico Corporation	HEI US	\$24.4 B	22-May-23	After-mkt	0.72	0.62
Zoom Video Com	ZM US	\$19.4 B	22-May-23	After-mkt	0.14	0.47
Palo Alto Network	PANW US	\$58.4 B	23-May-23	After-mkt	0.23	-0.20

ECONOMIC CALENDAR

(Source: Forexlive)

- (18-05-23) GB- BoE Monetary Policy Report Hearings report
- (18-05-23) US- Initial Jobless Claims MAY; Philadelphia Fed Manufacturing Survey
- (19-05-23) GB- Gfk Consumer Confidence MAY
- (19-05-23) DE- Producer Price Index APR
- (19-05-23) CA- Retail Sales MoM MAR; Retail Sales ex Autos MoM MAR
- (19-05-23) EA- ECB's Schnabel speech; Economic Bulletin report
- (19-05-23) US- Fed's Chair Powell speech; Fed's Williams, Bowman speech

CONTACT

Banque BEMO sal
Asset Management Unit

Ashrafieh, Elias Sarkis Ave., BEMO Bldg, 4th Floor
P.O.Box 16-6353 Beirut, Lebanon
Tel: +961 1 325405/6/7/9

Disclaimer: This report is published for information purposes only. The information herein has been compiled from, or based upon sources we believe to be reliable, but we do not guarantee or accept responsibility for its completeness and accuracy. This document should not be construed as a solicitation to take part in any investment, or as constituting any representation or warranty on our part. The investment risks described herein are not purported to be exhaustive, any person considering an investment should seek independent advice on the suitability or otherwise of the particular investment. Investment, Capital Market and Treasury products are subject to investment risk, including possible loss of principal amount invested. Past performance is not indicative of future results: prices can go up or down. Investors investing in investments and/or treasury products denominated in foreign (non-local) currency should be aware of the risk of exchange rate fluctuations that may cause loss of principal when foreign currency is converted to the investor's home currency. Client understands that it is his/her responsibility to seek legal and/or tax advice regarding the legal and tax consequences of his/her investment transactions. The consequences of any action taken on the basis of information contained herein are solely the responsibility of the recipient.