

Thursday 11.06.2020

Asian Session

A pull back observed on Asian stocks market after yesterday's Fed announcements, following losses on Wall Street, as Fed's Chairman Powell noted that the economic recovery will take longer. Japan's index dropped by 1% losing around 300 points, while Hong Kong's index declined by 0.5%. The Shanghai Composite index lost around 1.05%, South Korea's KOSPI index has fell by 0.5% and Australia's index fell by 2.2%.

Asian Stock	Closed
Nikkei	-1.5%
Hong Kong HSI	-0.5%
China Shanghai SSE	-1.05%
KOSPI – South Korea	-0.5%

US Stocks

US stocks futures index for second day in a row and that caused from the Fed interest rate decision yesterday. Despite Fed announced that will keep unchanged the interest rates near zero through 2022 stock market fell as a lot of uncertainty exits yet. However, Fed stated that will keep purchasing bonds to support the credit market. Dow Jones lost more than 300 points and fell by 1.2%, while SP500 lost 1.41% and Nasdaq Composite index lost 0.97%. The Fed also said that expects the U.S. economy to contract by 6.5% during 2020 before expanding by 5% in 2021. Fed projected the unemployment rate to be at 9.3% at the end of 2020 and at 5.5% in 2022. Since February have been lost nearly 20 million jobs.

US Stocks	Closed
DOW	-1.2%
S&P500	-1.41%
NASDAQ	-0.97%

Major Currencies & Dollar Index

Analysts from Deutsche Bank forecast Euro/Dollar to find resistance level to 1.20 as there are expectation for further dollar weaknesses. Euro surpassed the 1.14 level yesterday at the time Fed announced that will keep interest rates unchanged. Euro rise also caused from the US Consumer Price Index report which was lower than anticipated and declined by 0.1%. Majors support level on the pair can be found at 1.12 and resistance level at 1.15. The ongoing selling pressure on dollar continued driving Pound higher yesterday, however today we observed a pull back of more than 50 pips in pound without any major market-moving economic releases from the UK and the pair fell below 1.27 and is trade at 1.2675. A daily chart close above the 78.6% Fibonacci retracement at 1.2818 is needed to target the 200-week ma at 1.2924. Dollar depreciated for third day in a row against yen, in post FOMC New York after Fed's pessimistic economic outlook. It is currently traded slightly below 107 price level with support level be at 106.7 and resistance level be at 107.65. In the data front, market's focus is U.S. weekly jobless claims and continued jobless claims as well as Producer Price Index data.

Gold Market & Treasuries

During yesterday Fed's news gold jumped by approximately \$32 higher as Fed left the interest rate unchanged, however today gold commenced losing earlier gains of three consecutive days. With interest rates near zero and weaker dollar, gold become an attractive safe haven asset. August gold futures rose by almost 1% at \$1735 per ounce after Fed announcement. Taking into consideration that unemployment become decreasing, and economy reopening is stable, and gradual is unlikely for gold to benefit from a further fall in interest rates soon.

Oil Market

As dollar weakened after Fed's announcement oil prices closed even higher yesterday. Despite that Energy Information Report announced 6 million of barrels more than expected of crude oil in inventories held by US firms, oil finished the day higher. The supply increased along with increasing in demand however they have to find the balance. As interest rate remains near zero, they support the energy sector. WTI futures for July rose by 1.7% at \$39.6, while Brent crude oil for August delivery rose by 1.3% and reached \$41.73 per barrel. Gasoline supply rose by 900,000 barrels, while distillate stockpiles were 1.6 million barrels higher last week.

European Stocks

European stocks commenced falling before the Fed's announcement yesterday and closed the day negatively by almost 100 points to the downside. The market today opened with gap to the downside as investors lost some optimism as it was expected. Stoxx600 lost 1% at yesterday closing while today losing 0.4%.

On the data front 11-06-2020

Time (GMT+3)	Event	Impact
10:00 am	EUR EcoFin Meeting	Medium
15:30 pm	USD Producer Price Index (MoM)(May)	Low
15:30 pm	USD Initial Jobless Claims (Jun 5)	High
15:30 pm	USD Initial Jobless Claims 4-week average (Jun 5)	High
19:00 pm	USD USDA WASDE Report	Low