

Friday 17.07.2020

Asian Session

Asian equities were mixed today on indications of the fragile U.S. technology shares rally, alongside with concerns that the coronavirus will hamper the global economic recovery. Chinese stocks slipped more than 4% yesterday, as investors assess the efforts of the policy makers. Japanese and Australia stocks were also moderately lower, while stocks advanced higher in Seoul, Hong Kong and in Taipei as Taiwan Semiconductor Manufacturing Co. raised its 2020 spending and sales target. Hong Kong index rose by 0.48%, while Japan's index lost 0.5%. South Korea's Kospi index gained 0.82% and Shanghai index lost 0.52%.

Asian Stock	Closed
Nikkei	-0.5%
Hong Kong HSI	+0.48%
China Shanghai SSE	-0.52%
KOSPI – South Korea	+0.82%

US Stocks

US equities closed the day lower yesterday, with Dow Jones retreating after four consecutive days of winnings. The decline caused mainly from technology stocks as investors focused on mixed corporate earnings reports in the wake of a drop in Asian equities, along with Sino-American tensions. Morgan Stanley reported second-quarter profit yesterday that beat analyst expectations, however Bank of America shares fell. Dow Jones closed negatively by 0.79%, while SP500 lost 0.34% and Nasdaq index fell by 0.70%.

US Stocks	Closed
DOW	-0.79%
S&P500	-0.34%
NASDAQ	-0.70%

Major Currencies & Dollar

Euro/Dollar is trading below 1.14 level after ECB unchanged interest rate decision yesterday. EUR/USD consolidating its losses as the focus turns from the ECB decision to today EU summit, where EU leaders will try to confront the virus and give a response regarding fiscal stimulus plan and a new long-term EU budget. Measures that have been taken since March from ECB have resulted in a cumulative impact of 1.3% of EU GDP until 2022. Despite US initial jobless claims posted their smallest weekly decline since March, was worse than expected, however euro did not react significantly. Cable is expected to extend the consolidative theme between 1.2470 and 1.2700 in the near-term, suggested FX Strategists at UOB Group. GBP/USD reverses the previous day's losses while extending pullback from 1.2537. UK employment figures were better by 3.9% against 4.2% that it was expected, however pound closed the day yesterday lower. Additionally, the Tory Government's plan to back the internal trade as a free move post-Brexit give GBP/USD buyers another reason to support the long positions. Double bottom pattern observed on



Dollar/Yen on hourly timeframe. Yen retreated the three two days as US stocks and SP500 had more gains and confirmed their inverse correlation, however as equities yesterday fell yen is seen higher confirming the double bottom pattern.

Gold Market

Gold prices reached the critical support at \$1790 price level as it was expected previously, and it is currently traded slightly below \$1800 price level. Currently, we are in a scenario where market players prefer US dollar on one hand and equities and commodities on another as they try to reassess the impact of the virus outbreak on global economic recovery. During the commodity's rise past-\$1,818, \$1,840/45 region could offer multiple resistances ahead of extending the north-run towards the record high beyond \$1,900.

Oil Market

Crude Oil prices fell by 1% yesterday as OPEC agreed to reduce the record supply curbs, at the same time where new coronavirus infections cases continue to surge in the United states. Both benchmark Brent and U.S. crude have remained above \$40 a barrel for the last several weeks. Brent lost 42 cents, or 1%, to settle at \$43.37 per barrel., while WTI fell 45 cents, or 1.1%, to settle at \$40.75 per barrel. In a sign of recovery is China's refinery daily crude oil throughput in June climbed 9% from a year earlier, reaching its highest level on record due to rising consumption. Both benchmarks rose 2% on Wednesday following a sharp drawdown in U.S. crude inventories.

European Stocks

The European Central Bank have all day special meetings today to apply the EU monetary policy decision, after yesterday's interest rate decision which remained unchanged. It is expected that monetary policy also will remain unchanged. Previously, the ECB increased its pandemic emergency purchasing program by 600 billion euros and also extended the duration until June 2021. This saved the eurozone from a major contraction and the data support this argument. The Pan European index Stox600 yesterday lost 0.47%.

On the data front 17-07-2020

Time (GMT+3)	Event	Impact
03:00 am 17.07	EUR EU Leaders Special Summit	High
12:00 pm 17.07	EUR Consumer Price Index - Core (YoY) (Jun)	High
17:00 pm 17.07	USD Michigan Consumer Sentiment Index (Jul)	High