

Thursday 16.07.2020

Asian Session

Asian equities slipped back in Asia today after markets worldwide rallied on rising hopes for a coronavirus vaccine. Japan's index Nikkei 225 lost 0.6%, while Hang Seng index in Hong Kong fell by 1%. South Korea's index Kospi shed 0.7% and the Shanghai Composite index fell by 1.4%. Despite that China announced 3.2% yearly growth onto its economy, exceeding analysts' expectations of 2.5% growth and a rebound from 6.8% contraction from April to June, stocks failed to sustain the rally. China also reported that Gross Domestic Product rebounded by 11.5% in the second quarter.

Asian Stock	Closed
Nikkei	-0.6%
Hong Kong HSI	-1%
China Shanghai SSE	-1.4%
KOSPI – South Korea	-0.7%

US Stocks

US stocks index on futures were slightly fell late yesterday, after Dow Jones ended up with more than 200 points to the upside. Dow Jones on futures market closed higher by 0.9%, while SP500 index closed higher by 0.91% and Nasdaq index closed slightly higher by 0.6%. stocks closed modestly higher as investors focused their hopes on a coronavirus vaccine and indications of increased business activity. Stock market also advanced higher due to better than expected corporate earnings for the second quarter, despite the increased number of coronavirus cases.

US Stocks	Closed
DOW	+0.9%
S&P500	+0.91%
NASDAQ	+0.6%

Major Currencies & Dollar

Investors are prepared for the European Central Bank's decision regarding the interest rate for the Eurozone, set to be announced later in the day. The euro was 0.08% lower compared to the dollar and it is currently traded slightly above 1.14, falling from yesterday highs of 1.145. Concerns about worsening US-China relations prompted some profit-taking ahead of the ECB decision. The optimism over a possible coronavirus vaccine, resumed undermining the safe-haven greenback. The pair got additional boost yesterday amid hopes that the EU leaders will make progress in agreeing on a roughly €1.85 trillion package, at the upcoming summit at the end of this week which includes €750 billion in funds aimed at aiding the recovery of the region's worst-hit economies. The UK unemployment rate remained at 3.9% in May in an earlier announcement creating upbeat mood in the market, as the Claimant Count Change also surprise with a drop of around 28,000, instead of rising, however pound is traded lower at 1.2545 as average earning report showed loss of 0.3%YoY, along with the disinflationary outlook. FX Strategists at UOB Group see USD/JPY navigating within the 106.70/107.70 range in the near-term, all amidst a generalized mixed outlook. Dollar's



rebound from 106.67 yesterday suggests choppy trading above said support at 106.65 might continue and marginal gain is possible but offers at 107.20/30 should limit the potential to the upside and yield another retreat.

Gold Market

The risk aversion in Asia lifts the dollar bids, and caps Gold's upside. Gold prices have settled almost unchanged above the \$1810 price level during yesterday after showing another volatile session, which was mainly caused by the broader market sentiment and US dollar price action, as it is losing value. Ongoing US-China tensions combined with virus fears increases the haven demand for the greenback. Jobless claims report and retail sales later the day will accordingly affect the course of the metal which is currently traded at \$1806 per ounce. A decisive break above \$1811 could lead to \$1818 further north, to the previous week multi-year highs.

Oil Market

Crude prices declined nearly 1% today following OPEC's decision to ease oil output cuts to 7.7 million barrels per day from the historic cut output of 9.7 mbd. The benchmark of US crude Oil which is currently losing 0.95%, shed 13 cents to \$41.07 per barrel in electronic trading on the New York Mercantile Exchange. It advanced higher 91 cents to settle at \$41.20 per barrel yesterday, while Brent Oil which is currently losing -0.75%, gave up 8 cents to \$43.71 per barrel. It advanced higher 89 cents to settle at \$43.79 per barrel. The International Energy Agency (IEA) predicts that Oil demand will grow 3 million barrels per day, more than supply during 2021.

European Stocks

European equities markets are seen opening lower today, amid caution over the pace of the global economic recovery ahead of the latest meeting from the European Central Bank, despite the positive news from Chinese growth rebound in the economy. Stoxx600 Pan-European index closed the day yesterday higher by 1.76%.

On the data front 16-07-2020

Time (GMT+3)	Event	Impact
04:30 am 16.07	AUD Unemployment Rate (Jun)	High
05:00 am 16.07	CNY Gross Domestic Product (YoY) (Q2)	High
05:00 am 16.07	CNY Gross Domestic Product (QoQ) (Q2)	High
09:00 am 16.07	GBP ILO Unemployment Rate (3M) (May)	High
14:45 pm 16.07	EUR ECB Interest Rate Decision	High
14:45 pm 16.07	EUR ECB Deposit Rate Decision	High
15:30 pm 16.07	USD Retail Sales Control Group (Jun)	High
15:30 pm 16.07	EUR ECB Monetary Policy Statement and Press Conference	High