

Wednesday 22.07.2020

Asian Session

Mainland Chinese stocks rose, however Asia Pacific stocks are traded modestly today, losing some previous gains on this week, after a mixed US session on doubts over the timing of a fresh US stimulus package program. Futures on Japan's index Nikkei225 slid 0.7%, while Hang Seng futures declined 0.3%. The Shanghai composite rose 1.20% and South Korea's Kospi index edged lower 0.26%.

Asian Stock	Closed
Nikkei	+0.73%
Hong Kong HSI	+2.31%
China Shanghai SSE	+0.2%
KOSPI – South Korea	+1.3%

US Stocks

US indexes on equities closed mostly higher yesterday, as investors snapped up beaten-down energy and financial stocks amid a sequence of corporate earnings reports, including Coca-Cola and Lockheed Martin's second-quarter results. US market also advanced higher, amid promise from US Congress of additional US stimulus package, after EU's historic package. Dow closed by 0.6% higher, while SP500 rose by 0.2% and Nasdaq index lost 0.8%. Republicans hope to keep new spending at roughly \$1 trillion, while Democrats are eyeing a package worth up to \$3.5 trillion. Dow closed up 0.6% for its second consecutive positive day, Dow is down 5.95% year to date.

US Stocks	Closed
DOW	+0.6%
S&P500	+0.25
NASDAQ	-0.8%

Major Currencies & Dollar

After yesterday's EU agreement to provide 750 billion rescue fund euro was significantly appreciated against dollar surpassing the critical level of 1.15 well above and is currently traded at 1.1538 price level, looking to go towards 1.159. Despite euro is an overbought condition, the downside seems to be limited as euro remains on a bullish path and support becomes at 1.144. The Japanese yen traded at 106.84 per dollar, strengthening after levels above 107 seen earlier, however the Japanese PMI's (composite 43.9) for July stayed well below the 50-mark indicating that the economy is still struggling at the start of third quarter. First resistance level is at 107.00-10, however the best-selling opportunity is at 107.25/35 with stops above 107.50. Pound/Dollar is traded around 1.27, off the highs. Closer US-UK coordination against China and reports that UK could give up Brexit talks are weighing on sterling. A progress towards a coronavirus vaccine had boosted the pound earlier in the week. The cable is supported by BoE's Haldane economic outlook. Terence Wu, an FX strategist at OCBC Bank, predicts that the pair targets the 1.2810 June high in the upcoming days.



Gold Market

Gold prices surged to a nine-year high on Tuesday on the back of the European stimulus package and coronavirus surge and closed at \$1842 per ounce on Tuesday, breaking above the major support level of \$1818 of two weeks ago. Gold is currently traded at \$1860 per ounce and the next major historic support level and all-time high \$1919 since 2011.

Oil Market

Industry group American Petroleum Institute (API) has reported that US crude inventories rose last week by 7.5 million barrels compared with expectations for a draw of 2.1 million. Brent crude fell 32 cents, or 0.7%, to \$44 per barrel, while US West Texas Intermediate (WTI) crude dropped 33 cents, or 0.8%, to \$41.59 per barrel. Oil inventories increased as coronavirus cases continue to climb. All eyes now turn to the US Energy Information Administration (EIA) which will release official Oil inventory data later today.

European Stocks

European equities were expected to open mixed on Wednesday as investors weigh the perspective of more fiscal stimulus against fears surrounding Covid-19. Stoxx50 closed the day yesterday by 0.50% higher, while UK100 closed modestly by 0.13% higher and DAX30. Early Tuesday, the European Union reached an agreement on a €750 billion (\$860 billion) coronavirus rescue fund after four days of intense negotiations among officials from the 27-nation bloc. The recovery package comprises €390 billion in grants and the remainder in loans. In addition to the recovery fund, the EU said its next budget, which will fund initiatives between 2021 and 2027, will total 1.074 trillion euros. The two combined bring upcoming investments to the level of 1.824 trillion euros.

On the data front 22-07-2020

Time (GMT+3)	Event	Impact
15:30 pm	CAD BoC Consumer Price Index Core (YoY)(Jun)	High
15:30 pm	CAD Consumer Price Index (YoY)(Jun)	High
16:15 pm	EUR ECB's President Lagarde speech	High