

Wednesday 05.08.2020

Asian Session

Asian equities were mixed on today's session as investors eyeing the progress of stimulus talks in Washington and reports of a plan to review the U.S.-China trade deal and that US-China tensions will be slowdown. Specifically, Japanese stocks faced losses and were slightly change, while Australia's shares index fell. Shares in South Korea rose, while we have seen modest gains in Hong Kong shares. South Korea's Kospi index gained 1.2% yesterday, while Hong Kong's index rose by 2%. Shanghai's index rose by 0.11% and Japan's Nikkei gained 1.7%.

Asian Stock	Closed
Nikkei	+1.7%
Hong Kong HSI	+2%
China Shanghai SSE	+0.11%
KOSPI – South Korea	+1.2%

US Stocks

US stocks equities rose yesterday as investors were optimistic about a possibility of further coronavirus stimulus against a sequence of disappointing corporate earnings reports. Democrats and Republicans are still debating an extension of the \$600 weekly federal unemployment benefit, however Republicans want to minimize the weekly amount while Democrats want to provide further benefit. SP500 rose by 0.4%, while Dow Jones rose up by 0.6% and Nasdaq composite index jumped by 0.4%.

U.S Stocks	Closed
DOW	+0.6%
S&P500	+0.4%
NASDAQ	+0.4%

Major Currencies

EUR/USD is holding onto its gains, trading above 1.18 as the dollar remains on the back foot. ADP's US job report and the ISM Non-Manufacturing PMI provide critical clues toward the Non-Farm Payrolls. Fiscal stimulus talks and geopolitics are also in play. The pair is currently traded around 1.18250 with support be at 1.178 and resistance at 1.19 previous levels. Fears of a no-deal Brexit, the second wave of COVID-19 infections held the GBP bulls a step back and while USD sustain a selling pressure, this continue lending some support ahead of the BoE decision on Thursday. Long positions should be above 1.3050 with targets at 1.3105 and 1.3140, otherwise below 1.3050 targets are 1.3010 and 1.2980. The bulls remain cautious until the report of the UK PMI and US Key later on the day. According to Telegraph further relief from the British Chancellor Sunak it is expected in business rates. Dollar/Yen witnessed some selling on Wednesday amid the heavily offered tone surrounding the USD. The upbeat market mood undermined the safe-haven Japanese yen and helped limit deeper losses. Investors now eyeing to the US ADP report and ISM Non-Manufacturing PMI for some boost in dollar.



Gold Market

Gold has continued to surge to record highs, and spot gold was changing hands at around \$2,024 per troy ounce around an hour before the European open. The gold has already surpassed the all-time highs since September 2011, as investors fled to the precious metal with the pandemic showing no signs of diminish. Gold prices hit a new record close of \$2,021 per ounce overnight and was traded above \$2,000 for the first time. Spot gold prices have spiked more than 32% so far this year and are on track for the best year since 1979.

Oil Market

Crude Oil rose to \$42.08 per barrel from \$40.7. West Texas Intermediate (WTI) crude rose as much as 2.6%, to \$42.08 per barrel, while Brent crude, the international benchmark, gained 1.5%, to \$44.82 per barrel, at intraday highs. Oil prices today dropped after four consecutive days of winnings, due to increase virus cases around the world underestimate the market confidence in a pickup in fuel demand. Crude inventories were down by 8.6 million barrels in the week to Aug. 1 to 520 million barrels, compared with analysts' expectations for a drop of 3 million barrels.

European Stocks

European stocks of AIG, Bayer, and Diageo slid in Europe after reporting earnings. The Pan-European Stoxx600 index was little change yesterday losing 0.07%. All eyes now turn to Eurozone PMI reports later on the day.

On the data front 05-08-2020

Time (GMT+3)	Event	Impact
01:45 am	NZD Employment Change (Q2)	High
01:45 am	NZD Unemployment Rate (Q2)	High
12:00 pm	EUR Retail Sales (YoY)(Jun)	High
17:00 pm	USD ISM Non-Manufacturing PMI(Jul)	High