

Wednesday 02.09.2020

Asian Session

Chinese manufacturing indicators provided upbeat mood to investors and there exist an optimistic economic outlook which recovers abroad. The Caixin China manufacturing purchasing managers' index which primarily tracks small manufacturers rose to 53.1 in August from 52.8, Caixin and Markit said yesterday, however Asian equities were mixed as investors assessed valuations with global shares at a record high.

Asian Stock	Closed
Nikkei	-0.01%
Hong Kong HSI	+0.03%
China Shanghai SSE	+0.44%
KOSPI – South Korea	+0.87%

US Stocks

The US technology stocks continued leading the stock market and outperformed on the first day of September month, with Zoom surging by 47% after report came out showing another blowout quarter. Apple, Netflix, and Amazon were all up at least 1%. The Dow Jones gained 216 points, or 0.76%, while SP500 rose by 26 points, or 0.75% for its eighth positive session in nine and Nasdaq index gained 1.39%.

U.S Stocks	Closed
DOW	+0.76%
S&P500	+0.75%
NASDAQ	+1.39%

Major Currencies

Euro/Dollar is trading below 1.19, around 1.187 off the two-year highs above 1.20. The ECB's Lane said the exchange rate matters, weighing on the euro. German retail sales missed estimates and negatively affected euro as the report showed much worse than expected rate which was minus 0.9%. All eyes turn to US ADP data later on the day. FX Strategists at UOB Group noted the upside momentum in EUR/USD could lose traction on a breach of 1.1830. Despite dollar selling pressure yesterday, today cable is losing value against dollar as dollar struts recovering and investors now eye the US ADP report for some trading impetus ahead of NFP on Friday. Meanwhile, pound seems that did not be affected that much by the lack of progress in Brexit talks and largely shrugged off the final UK Manufacturing PMI print, which came in at 55.2 as against the preliminary estimate of 55.3. During August the yen strengthened versus the US dollar from 105.67 to 105.26. Economists at MUFG Bank see further Yen strength ahead and they believe that the Dollar/Yen will break below the 100 level. Dollar/Yen holding minor support at 105.60/65 perfectly to retest strong resistance at 106.10.



Gold Market

Gold dropped as much as 0.35%, as dollar starts appreciating. The yellow metal is expected to fall further from the current level of \$1962 per ounce as dollar index is seen at 92.41, up 0.11 for the time being. However, investors expect to see whether US ADP data will be worse than expected so this may underpin gold go towards back again to \$2000 per ounce.

Oil Market

Oil gained amid new weakness in the US dollar. West Texas Intermediate crude climbed as much as 1.9%, to \$43.43 per barrel. Goldman Sachs expects Brent crude to reach \$65 a barrel in the third quarter of 2021, although it could end the year lower, at \$58 a barrel, according to Goldman Sachs analysts, but taking into consideration that vaccines will be widely available. US crude oil inventories declined for the fifth consecutive week and implied gasoline demand is now within 2.5% of its pre-coronavirus levels and oil price is expected to hit \$50 per barrel by the end of the year.

European Stocks

European equities were mixed yesterday as investors assessed valuations with global shares. The Pan-European index retreated for fourth day in a row, and track its longest losing streak in nearly three months. Stoxx600 index lost 0.35% yesterday, while UK100 lost 1.70%.

On the data front 02-09-2020

Time (GMT+3)	Event	Impact
04:30 am	AUD Gross Domestic Product (QoQ) (Q2)	High
09:00 am	EUR Retail Sales (YoY) (Jul)	High
21:00 pm	USD Fed's Beige Book	Medium