

Wednesday 09.09.2020

Asian Session

Asian equities and mainly the technology sector, fell today along with US equities on Nasdaq index which fell into a correction territory. SoftBank was one of the morning's biggest losers as its stock briefly plunged by more than 7% in Tokyo. China's Shanghai Composite index dropped today by 1.5%, Japan's Nikkei225 fell 1%, while Hong Kong's Hang Seng Index which this week added big tech stocks Alibaba and Xiaomi to its list of components lost 0.9% and South Korea's Kospi slipped by 0.8%.

Asian Stock	Closed
Nikkei	+0.80%
Hong Kong HSI	+0.14%
China Shanghai SSE	+0.72%
KOSPI – South Korea	+1.17%

US Stocks

Huge technology US equities fell today for the third consecutive trading session, amid growing concerns that some of the stocks seen as beneficiaries of the coronavirus pandemic have climbed too fast. Those declines sent Nasdaq index back to a correction territory for about 10% loss from its recent highs. The renewed US-China tensions and concerns of coronavirus resurgence are weighing significantly on investors appetite for risky bets.

U.S Stocks	Closed
DOW	-2.82%
S&P500	-2.78%
NASDAQ	-4.11%

Major Currencies

Euro/Dollar rebounded to 1.1780 after defending support at 1.1757 in Asia. Traders are eyeing for tomorrow's ECB meeting which is expected to be dovish. Bond yields also remain in pressure as yesterday's yields extended their losses. Yesterday, the pair dropped by over 0.30% as expectations of dovish messages from the European Central Bank (ECB). FX Strategists noted the downside momentum has started to pick up pace in EUR/USD. It is very possible that pound/dollar may go back towards 1.2855 price range in the upcoming weeks, as the pair started weakening even more and bears remain in control on fears of a no-deal Brexit. 1.30 price level remains a significant psychological level. Despite Yen bounce off one week's low still be in pressure as there is a possibility that US new stimulus package will delay further. Additionally, AstraZeneca clarifies on the halt in COVID-19 vaccine trials, Japanese Money Supply increased in August. USD/JPY is expected to keep navigating the 105.50-106.90 range for the time being.

Gold Market

Yesterday gold, closed in neutral territory, however managed to rebound from one-week lows and marked daily highs, even though dollar extends recovery. Sellers tried to push gold back to significant resistance level near \$1900 per ounce, however gold closed the day above \$1930. A break below \$1900 will indicate further drop towards next support level which is being near \$1860 price level. The yellow metal awaits a range breakout, as the focus shifts to the ECB decision. Gold price also been affected by the developments of the virus vaccine along with a broadly bid US dollar.

Oil Market

According to CME crude oil contracts have decreased by around 3.2k yesterday, reversing the previous build. WTI crude oil found support zone near \$36 per barrel, falling from \$43 previous highs within a week. Brent oil fell by over 5.5% to \$39.34 on Tuesday. That was the lowest level since June 16. At press time, the black gold is trading at \$39.66 per barrel. Fitch foresees Brent prices averaging \$41 per barrel in 2020, up from its June forecast of \$35 per barrel. However, the agency revised the 2022 price forecast lower to \$50 per barrel from \$53 per barrel.

European Stocks

European equities are mainly harmed by geopolitics uncertainty. The report of Eurozone's GDP yesterday showed a contraction of 11.8% in the second quarter which was slightly better than expected. European equities also affected from the no trade agreement between EU and UK with energy firms and technology stocks among the biggest decliners. At yesterday closing Stoxx600 index fell by 1.15%

On the data front 09-09-2020

Time (GMT+3)	Event	Impact
04:30 Am	CNY Consumer Price Index (YoY)(Aug)	High
17:00 pm	CAD BoC Rate Statement	High
17:00 pm	CAD BoC Interest Rate Decision	High