

MARKET UPDATE

16/05/2024

European stocks retreat on downbeat earnings.

European stock markets edged lower Thursday despite the U.S. inflation-induced global rally, as investors digested some downbeat earnings.

At 03:25 ET (07:25 GMT), the DAX index in Germany traded 0.1% lower, the CAC 40 in France dropped 0.2%, and the FTSE 100 in the U.K. slipped 0.4%.

Earnings weigh on European sentiment

European markets are bucking the general positive mood Thursday, weighed down by some disappointing corporate news.

Siemens stock fell almost 2% after the German engineering group reported a 2% drop in second quarter profit at its industrial business, after suffering a slowdown at its flagship factory automation division.

Deutsche Telekom (OTC:DTEGY) stock fell 0.6% despite the German telecommunications giant backing its full-year guidance after delivering higher revenue in the first quarter.

EasyJet (LON:EZJ) stock slumped 6% after the budget airline posted a larger than expected pretax loss for the first half of the year even as it said inflationary pressures on the sector were beginning to ease.

Yen climbs while dollar stabilises.

The Japanese yen rallied for a second day on Thursday after data on Wednesday showed a slowdown in U.S. inflation, while the dollar found a footing against other currencies following a sharp drop the previous day.

U.S. inflation slowed to 0.3% in April from a month earlier, down from 0.4% in March and below expectations for another 0.4% reading, Wednesday's data showed.

Year-on-year core inflation - which strips out volatile food and energy prices - fell to its lowest in three years at 3.6%. Meanwhile, retail sales were flat, suggesting conditions for Federal Reserve interest rate cuts are falling into place.

The dollar dropped 1% against the yen on Wednesday after the data and was down a further 0.38% on Thursday at 154.32, having fallen as low as 153.6 before weak Japanese growth figures took some of the shine off the yen.



Bitcoin price today rebounds to \$65k.

Bitcoin price rose on Thursday, benefiting from a weaker dollar after some relatively softer consumer inflation readings for April, although the token remained comfortably rangebound as sentiment towards crypto remained subdued.

The world's biggest cryptocurrency rose 6.4% in the past 24 hours to \$65,844 by 01:21 ET (05:21 GMT). The token had pushed as high as \$66,600, before losing some momentum.

Bitcoin price cheered by softer dollar after CPI data

Bitcoin rebounded on Wednesday after sinking as low as \$60,000 earlier this week.

The rebound was fuelled largely by a slide in the dollar, which hit one-month lows after some softer consumer price index readings for April.

Headline CPI grew at a slower-than-expected pace, while core CPI eased as expected.

The readings, which were accompanied by weaker-than-expected retail sales data, pushed up some hopes that inflation will ease in the coming months and give the Federal Reserve more confidence to begin trimming interest rates.

But inflation still remained well above the central bank's annual 2% target range. A slew of Fed officials also warned in recent weeks that the bank will need much more confidence to begin trimming rates.

This notion limited any major gains in Bitcoin, keeping the token trading comfortably within a \$60,000 to \$70,000 trading range established over the past two months. Increased risk appetite, which was reflected in Wall Street hitting record highs, also did not spill over into crypto.

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