

MARKET UPDATE

17/07/2024

Oil prices edge up on US inventories.

Oil prices inched up on Wednesday, a day after benchmark Brent hit a one-month low, as a decline in U.S. oil stockpiles helped offset signs of weakening demand in China.

Brent crude oil futures was up 27 cents, or 0.32%, to \$84.00 a barrel by 0800 GMT. U.S. West Texas Intermediate crude futures gained 35 cents, or 0.43%, to \$81.11.

Both benchmarks dropped in the three prior sessions, with Brent crude futures trading as low as \$83.30 on Tuesday, the lowest since June 17.

In the United States, the world's largest oil producer and consumer, crude oil inventories fell by 4.4 million barrels in the week ended July 12, market sources said, citing data from the American Petroleum Institute.

Analysts polled by Reuters estimated crude stocks would fall by 33,000 barrels. The U.S. Energy Information Administration will release its official storage report at 1430 GMT.

European shares slide.

European shares fell for a third consecutive session on Wednesday, dragged down by Dutch semiconductor firm ASML (AS:ASML) following a weak forecast, while investors were wary of potentially strict U.S. trade rules.

The pan-European STOXX 600 index fell 0.5% to a one-week low as of 0830 GMT, with the technology sub-index falling 2.6%.

ASML shares shed 6.4% after the chipmaking equipment supplier fell short of estimates for third-quarter sales forecast.

Adding to losses was a report saying the United States has told its allies it is considering using the most severe trade restrictions available if companies continue giving China access to advanced semiconductor technology.

Other semiconductor stocks also lost ground. ASM International (AS:ASMI) and BE Semiconductor both fell more than 3% each.

The stocks weighed on Amsterdam's benchmark index, which was down 1.1% to its lowest in two weeks.....Meanwhile, Britain's FTSE 100 slipped 0.3% after data showed inflation held at 2%, against estimates of a fall, tempering investor bets for an interest rate cut from the Bank of England. (L)

Adidas jumps 5% after second outlook hike.

Adidas shares jumped as much as 5% on Wednesday, hitting their highest in over two years, after the German sportswear company hiked its full-year guidance for the second time this year, having beaten expectations with its second-quarter results on Tuesday.

"We see the strength in 2Q24 still led by terrace Originals franchises — Samba and Gazelle — which we increasingly see on US consumers," analysts at Telsey Advisory Group wrote in a note to clients.

They anticipate that momentum for the brand can continue throughout the second half of this year and into 2025, helped by dampening demand in the past few months for some of competitor Nike (NYSE:NKE)'s key lifestyle franchises, such as Air Force 1 and Air Jordan 1.

The popularity of the company's low-rise multi-coloured 'terrace' sneakers, along with weaker sales at rival Nike, had been expected to help Adidas (OTC:ADDYY) deliver strong second-quarter sales.

"Near term, I guess the issue is how much more can they raise guidance during 2H," said Simon Irwin, retail and sporting goods analyst at Tanyard Advisory.

Further out, it remains to be seen how much longer can the 'terrace' trend continue and whether Adidas can transition into what comes next, such as 'retro running' and 'low profile' lines, Irwin added.

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