



MORNING BRIEFING 15 AUGUST

US Stocks Surge After Turkish Lira Recovery

The US stock market spiked on Tuesday after the Turkish lira recovered from record lows.

The Dow Jones Industrial Average (DJI) jumped 112.22 points, or 0.45%, to 25,299.92. The Nasdaq Composite (IXIC) climbed 51.19 points, or 0.65%, to 7,870.89. The S&P 500 Index (INX) added 18.09 points, or 0.64%, to end the day at 2,840.02.

Turkey's President Recep Tayyip Erdogan threatened to boycott US electronics. The move was in response to US President Donald Trump's threats to double tariffs on steel and aluminium imports from Turkey. President Erdogan urged his countrymen to convert their US dollars into the Turkish lira to strengthen the currency.

Following the Turkish lira rebound, US bank stocks rose, including Bank of America, Citigroup, Goldman Sachs, JPMorgan and Wells Fargo.

Stocks also climbed with a return of investor optimism following a string of healthy corporate earnings reports. Home Depot, Tapestry and Advance Auto Parts reported results way ahead of analyst expectations. Shares DowDuPont, McDonald's and Walmart also rose on the day. Among tech stocks, Apple, Amazon and Microsoft added to the gains.

Pound Rises on Unemployment Data

The British pound rose slightly against most major currencies on Tuesday after the release of unemployment data.

The UK announced a decline in its unemployment rate to 4% in the three months ending June 30. The figure was better than the consensus estimate of 4.2% and represents the lowest

unemployment rate in more than 40 years. The number of people employed in the UK rose 42,000 to 32.39 million in the three-month period.

The sterling's appreciation was contained, however, by disappointed wage growth, with total earnings up 2.4%. This marked a slowdown from the previous period's 2.5% growth and came in below market expectations set at a 2.6% gain.

Later this morning, the UK is scheduled to announce its inflation rate for July. Expectations call for a 2.5% inflation rate, versus 2.4% reported for June.

Looking at the sentiment chart below, we see strong bearishness persisting for GBP/USD. Sentiment was volatile through July, shifting steeply and rapidly from positive to negative and back to positive territory. However, sentiment has been negative for this pair since the beginning of August. This is partly due to fear around Brexit uncertainties as well as strength in the greenback.



Aussie Hovers Near 18 Month Lows

The Australian dollar remained under pressure in morning trade today, as it entered its third day of trading near 18-month lows.

Australia announced a slight increase in its business confidence index for July to 7, from an 18-month low of 6 in June. The figure released on Wednesday came in a little better than the consensus estimate of 6.

Earlier today, consumer sentiment data for August was released, showing a decline to 103.6, from 106.1 in July. While consumer sentiment was down 2.3% in August, last month's figure marked a 3.9% rise from June's reading.

Meanwhile, Australia's seasonally adjusted wage price index rose 2.1% on a year-on-year basis in the three months ended June 30. The growth was unchanged from the prior two quarters and matched market expectations.

Despite signs of economic strength, the Reserve Bank of Australia has not raised its low interest rates, which has been weighing on the Aussie. The currency has also been under pressure due to fears of a slowdown in China, Australia's largest trading partner.

As can be seen in the table below, the aggregated sentiment extracted by an AI tool from financial news is bearish for AUD/USD and AUD/JPY and Infinox clients have short positions in these pairs. It also shows strong bullishness for AUD/CAD, AUD/NZD and AUD/EUR and Infinox clients have long positions in these currency pairs.

ASSET	SENTIMENT	CLIENT POSITIONS		
AUD/USD	44%	58%	SELL	BUY
AUD/CAD	100%	100%	SELL	BUY
AUD/JPY	37%	5%	SELL	BUY
AUD/NZD	100%	57%	SELL	BUY
AUD/EUR	54%	69%	SELL	BUY