

## Key Highlights



### FED'S PREFERRED GAUGE EASES

The most important economic release for the week was the Personal Consumption Expenditure (PCE), a measure of underlying inflation, that came in line with expectations. The more important Core PCE, Fed's preferred gauge, fell compared to last month. Real consumer spending, the key driver of inflation, unexpectedly dropped 0.1% m-o-m. This data should help ease concerns about runaway inflationary pressures.



### US GROWTH REVISED DOWN

The second estimate of Q1 GDP growth was revised down to 1.3% from 1.6%. The entire shift lower was mostly because of a sharp downward revision of consumer spending which makes up almost 70% of the US GDP. It is clear that consumers are feeling the pinch of higher inflation and higher interest rates when most in the lower income group have run out of their excess savings. This bodes well for the inflation to ease fast in the coming quarters.



### LACKLUSTER WEEK FOR EQUITIES

It was a lackluster week for equities due to three main developments: i) Bond yields rose due to weak Treasury auctions; ii) Cloud software companies including Salesforce, issued softer outlook for the coming quarter and iii) Review of Nvidia's exports to Middle East that is likely to hurt its prospects pulling down its stock and much of the Tech space. Equity rally has been broadening out with Utilities and Energy sectors outperforming others in the month of May. Big Tech has been a laggard last month.



### NVIDIA CAPS ANOTHER SOLID WEEK

Nvidia fell late last week on news that the US government is reviewing its export to Middle East out of fear that China could access the tech through data centers. However, it still ended the week with solid gains on expectations that the 10-to-1 stock split on June 7 is likely to increase demand for the stock from cash and options buyers. Having contributed to 30% of gains of the S&P 500 index in 2024, Nvidia could turn into a risk for the whole market in case it cannot hold on to the momentum.



### COMING WEEK

The European Central Bank is all set to raise rates on June 6 while the Fed and the BOE are likely to be on hold for longer. This divergence is evident in the euro trading at a 2-year low against Sterling. US job openings on June 4 and the US Nonfarm Payroll on June 7 will give cues about the state of the hot labor market. These along with last week's PCE would be key inputs for the FOMC meeting on June 12.



### SAUDI RAISES MORE FUNDS

Saudi state-owned energy giant Aramco sold shares worth \$12 billion to bolster government finances and support massive spending to diversify the economy away from oil dependence. Saudi government has raised over \$35 billion this year from bonds to fund mega projects under the Vision 2030 Plan and to plug budget deficits while oil production is kept low due to OPEC+ decision to balance the market.

1 Week YTD'24 2023

### Mover of the Week

Nvidia	5.62%	121.38%	229.00%
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### Global Equities

Magnificent 7	-0.65%	24.89%	80.89%
Dow Jones Ind.	-0.97%	2.64%	13.70%
S&P 500	0.18%	10.64%	24.23%
Nasdaq Comp.	-0.47%	10.17%	43.42%
Euro stoxx 600	-0.46%	8.18%	12.74%
FTSE 100	-0.77%	7.01%	3.78%
India Nifty50	-1.86%	3.68%	20.03%
Nikkei 225	-0.41%	15.01%	28.26%
Shanghai Comp.	-0.60%	4.34%	-1.93%

### Regional Equities

Dubai DFM	-0.87%	-2.02%	21.69%
Abu Dhabi ADX	0.33%	-7.47%	-6.20%
Saudi Tadawul	0.18%	10.64%	13.87%

### Bonds

US IG Bond Index	0.04%	-1.64%	5.15%
GCC Bnd/Suk Index	-0.43%	-1.51%	5.14%

### Currencies

Dollar Index	-0.42%	3.29%	-2.11%
Euro	0.00%	-1.96%	3.30%
GBP	-0.03%	-0.26%	5.50%
JPY	-0.17%	-10.40%	7.50%
CHF	1.22%	-7.10%	8.97%
AUD	0.18%	-2.84%	0.23%
CNH	-0.03%	-1.96%	-2.94%
INR	-0.46%	-0.27%	-0.63%
SGD	-0.14%	-2.43%	1.49%

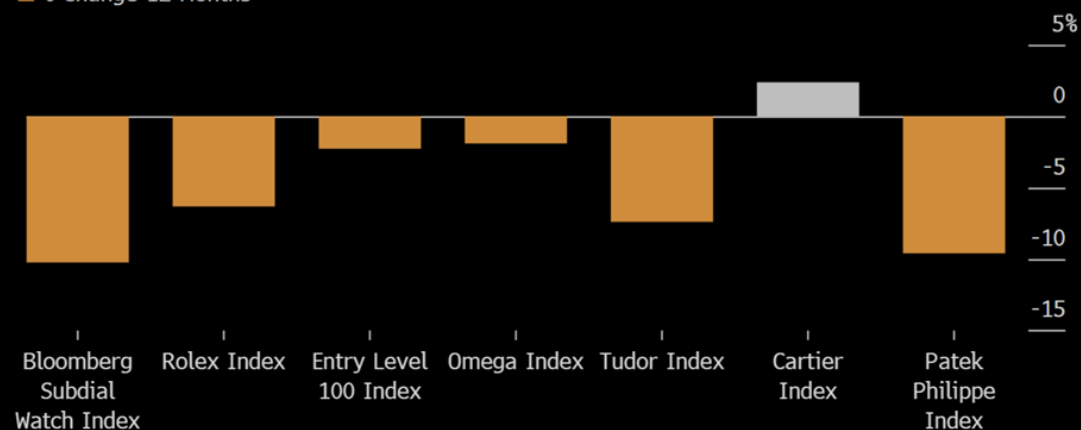
### Commodities

WTI Crude	0.16%	7.45%	-10.73%
Brent Crude	-1.23%	5.28%	-10.32%
Nat Gas	-2.63%	2.90%	-43.82%
Gold	-0.06%	12.89%	13.47%
Silver	0.52%	27.05%	0.18%
Copper	-4.45%	18.29%	2.10%

### Cartier Watch Prices Outperform: Subdial Index

Only brand index to gain in a year

■ % Change 12 Months



Sources: Subdial, Bloomberg

Bloomberg

## Chart of the Week

Cartier luxury watches were the only major brand to gain in value over the past year on the secondary market, based on the Bloomberg Subdial Watch Index. While the index declined 10.2%, Cartier watches made by the French jeweler, owned by Switzerland's Richemont rose 2.4%. Demand for used watches by Cartier, best known for its rectangular Tank and square Santos models, climbed as collectors looked beyond so-called hype models like the Rolex Daytona or Patek Philippe Nautilus. Average prices for Cartier watches are also lower than Rolex and Patek, with many models changing hands for less than \$5,000. The Bloomberg Subdial Watch Index has fallen about 36% in the last two years, as interest rates rose sharply and appetite for risk assets took a hit. Source: Bloomberg.

03 June 2024

# Weekly Economy and Market Watch

بنك دبي التجاري  
Commercial Bank of Dubai

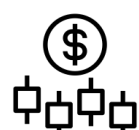


## FX and Commodities



### FX Chronicles

EUR/USD traded above 1.0850 on Friday, buoyed by the US Dollar's post-April PCE inflation data struggles. Similarly, GBP/USD tested 1.2800 but faced resistance due to UK inflation data and initial USD weakness. Geopolitical tensions and hawkish Fed comments bolstered the Dollar, but weak US GDP and jobless claims revived Fed rate cut expectations, allowing GBP/USD to recover to 1.2750. USD/JPY has drifted higher since the May 3 low of 151.86, despite BOJ's interventions in April and May. Analysts suggest the Yen will remain weak without a more hawkish BoJ policy or higher interest rates. Gold traded flat around \$2,340, recovering from a three-week low after weak US growth data. How will upcoming economic data impact our chronicles?



### NFD's ( Non-Deliverable Forwards)

FX Non-Deliverable Forwards (NDFs) are derivative contracts settled in a convertible currency, typically USD, due to market restrictions. They hedge or speculate on currencies in emerging markets with limited convertibility. For instance, a Brazilian company could use an NDF to guard against Real depreciation. NDFs are popular in countries like India, China, Brazil, South Korea, Taiwan, Indonesia, Malaysia, the Philippines, Thailand, and Vietnam. These instruments offer flexibility and risk management in volatile emerging market currencies. Need to hedge those currencies? Look no further. At CBD Global Market Solutions, we are backing your ambitions.



### The Rise of Silver!

In May, silver witnessed a significant uptrend as prices surged from approximately \$26.00 to over \$32.00. A pivotal driver of this rally was the gold/silver ratio, which plummeted from around 87 at the end of April to below 73. This ratio reflects the number of ounces of silver required to purchase one ounce of gold. As the ratio declined, speculative traders increasingly favored silver, pushing prices beyond initial expectations. However, despite the ratio's recent rebound, silver's upward momentum depends heavily on support from the gold market. Yet, with gold stepping back from its peak and potential market corrections looming, the prospect of reaching the \$35 mark for silver appears challenging. Amidst these market fluctuations, the question remains: Can silver overcome these hurdles to attain its near-term price target?



### Bio-Fuels

Biofuels offer a promising avenue for reducing transportation-related CO2 emissions. With mobility contributing significantly to global energy emissions, alternative solutions are crucial to meet Paris Agreement targets. Agri-feedstock, including crops like castor and cotton seeds, along with waste products like cooking oil, forms the basis for biofuel production. Leading companies drive the shift towards sustainable feedstock sources, such as waste-derived oils and crops grown on degraded lands, meeting regulatory mandates and promoting a circular economy. Initiatives in countries like Côte d'Ivoire demonstrate potential for local development and job creation, empowering farmers and enhancing food security. Explore green energy investment with ETFs like Amundi Global BioEnergy ESG Screened UCITS and Global X CleanTech UCITS on our CBD Investr app.

## CBD Tradr

# CBD Tradr



### Unlocking FX Margin Trading: Candlestick Charts

In FX margin trading, understanding charts is crucial. Candlestick charts are fundamental in FX margin trading, illustrating price movements over defined periods. Each candle depicts open, high, low, and close prices. Green or white candles denote price increases, while red or black ones signify declines. Candlestick patterns unveil market sentiment and potential trend reversals, guiding traders on entry and exit points. Mastering these charts enhances decision-making in FX margin trading, providing insights into market dynamics and facilitating strategic maneuvers for maximizing profits and minimizing risks.



Last For more details on FX Tradr, please contact us on the below information. Telephone: 04 – 2121829 / 04 – 2121897

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