

Key Highlights



US GDP SHOWS CONSUMER WEAKNESS

The US Q1 GDP growth of 1.4% matched the forecasts but was much lower than the 3.4% economic expansion in Q4, 2023. The personal consumer expenditure, a crucial indicator of the consumer's well-being, was revised down from the earlier estimate and now significantly slower than Q4, 2023. Consumer spending accounts for over two-third of the US GDP and any slowdown suggests easing inflation pressures ahead.



EASING PCE SUPPORTS CASE FOR RATE CUT

The Core PCE, which is the Fed's preferred indicator of underlying inflation, declined in May supporting the case for interest rate reductions. It rose by 0.08% on a m-o-m basis, the lowest since Nov 2020. It went up by 2.6% from a year ago, a noticeable improvement from the previous month. Even though this is good news for the Fed, it would need more evidence of lower inflation and weaker labor market to consider a rate cut in September.



EQUITY MARKETS TAKE A BREATHER

After making a record number of new highs this year, the equity markets, and especially Nvidia, are taking a breather. Performance was flat for the week, but stocks of Amazon moved up 2.2% to join a select group of mega-tech companies with market cap above \$2 trillion. Improved prospects for YouTube and Google cloud powered Alphabet stock while Tesla shot up 8.1% after shareholders approved Elon Musk's \$56 billion pay package that will help him to up his stake in the company.



WHAT'S HAPPENING WITH NVIDIA

Nvidia has been in the news after losing \$500 billion in market capitalization after touching an all-time high of \$140 post-split. The sell-off may have been triggered by record level of bullish bets by retail investors that probably were quickly reversed at the first sign of profit-taking. Despite recent volatility, 89% of the analysts maintain a buy rating on the stock with an average 12-month price target of \$134. Citi, Wells Fargo and Jefferies have a price target of \$150 while Cantor Fitzgerald calls for \$175.



THE COMING WEEK

JOLTS job openings and initial jobless claims reports on 3 July and the US nonfarm payrolls report on 5 July will be important indicators of the health of the hot US labor market. Investors will scrutinize Fed Chair Powell's speech at an ECB forum on 2 July for any hints on Fed's policy direction. French election results on Monday and UK snap elections on Thursday are potential risks to the market sentiments.



UAE SHINES IN ATTRACTING FDI

Since the introduction of 100% ownership in onshore companies in 2020, UAE continues to attract Foreign Direct Investments (FDI) at a faster pace. According to the UNCTAD report, FDI into UAE in 2023 grew by 35% to \$30.7 billion. In contrast, global FDI flows dropped by 2% due to higher interest rates and slowing economic growth. FDI into Saudi Arabia dropped by 56% in 2023 to \$12.3 billion.

1 Week YTD'24 2023

Mover of the Week

Amazon	2.21%	27.19%	80.93%
--------	-------	--------	--------

Global Equities

Magnificent 7	1.55%	36.97%	80.89%
Dow Jones Ind.	-0.08%	3.79%	13.70%
S&P 500	-0.08%	14.48%	24.23%
Nasdaq Comp.	-0.09%	16.98%	43.42%
Euro stoxx 600	-0.72%	6.77%	12.74%
FTSE 100	-0.89%	5.57%	3.78%
India Nifty50	2.17%	10.49%	20.03%
Nikkei 225	2.56%	18.28%	28.26%
Shanghai Comp.	-0.97%	0.89%	-1.93%

Regional Equities

Dubai DFM	0.44%	-0.73%	21.69%
Abu Dhabi ADX	0.53%	-5.40%	-6.20%
Saudi Tadawul	-0.08%	14.48%	13.87%

Bonds

US IG Bond Index	-0.65%	-0.71%	5.15%
GCC Bnd/Suk Index	-0.29%	-0.29%	5.14%

Currencies

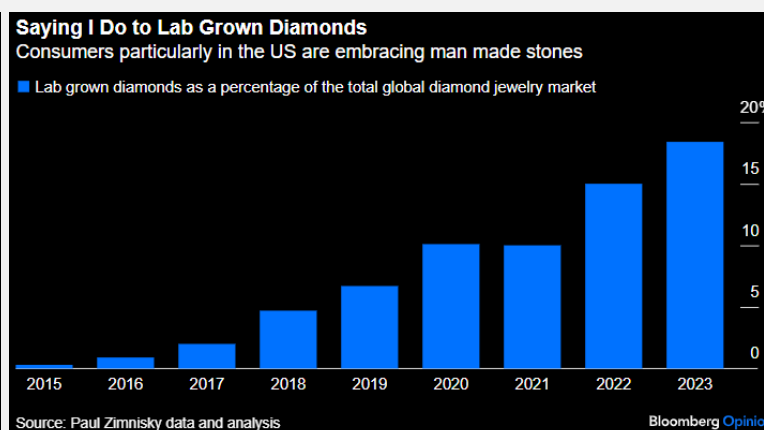
Dollar Index	0.07%	4.47%	-2.11%
Euro	0.22%	-3.15%	3.30%
GBP	0.02%	-0.95%	5.50%
JPY	-0.85%	-12.44%	7.50%
CHF	-0.47%	-6.60%	8.97%
AUD	0.48%	-2.36%	0.23%
CNH	-0.12%	-2.43%	-2.94%
INR	0.19%	-0.17%	-0.63%
SGD	-0.06%	-2.71%	1.49%

Commodities

WTI Crude	1.00%	13.80%	-10.73%
Brent Crude	-0.28%	10.33%	-10.32%
Nat Gas	-3.84%	3.46%	-43.82%
Gold	0.23%	12.75%	13.47%
Silver	-1.26%	22.12%	0.18%
Copper	-1.16%	12.85%	2.10%

Charts of the Week

Diamonds may not be for ever: Prices for rough diamonds has plummeted since a pandemic-driven boom, just like prices of luxury watches. To make matters worse, there is an ever-increasing supply of lab grown diamonds that are identical to natural diamonds and sell for one-third the the



prices of natural diamonds. Their share of the market has risen rapidly to about 20% last year. On top of that, demand from rich Chinese buyers, once a large target market, continues to moderate. Consequently, the Zimnisky Global Rough Diamond Index, that had shot up by almost 60% after the pandemic, has fallen 26% from its peak in February 2022. Producers like De Beers, that have interest in both natural and lab grown diamonds are suffering.

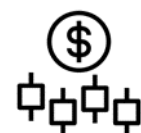


FX and Commodities



FX Chronicles

After peaking at 1.0720 post-US PCE inflation data, EUR/USD fell to around 1.0700, hindered by cautious sentiment ahead of the French election and weak German data, with 19K new unemployment claims versus the expected 15K, pushing the rate to 6.0%. GBP/USD struggled below 1.2650 despite UK Q1 GDP growth of 0.7% QoQ and annualized growth of 0.3%. AUD/USD recovered to 0.6670 on soft US inflation figures, boosting Fed rate cut hopes as PCE inflation declined to 2.6% in May. USD/JPY rose to 160.89 a multi-decade low, driven by US Treasury movements and potential Fed rate cuts, despite intervention risks. Gold prices declined slightly to \$2,324 after hitting \$2,339, while silver traded at \$29.13, up 0.49%. What will the next chapter of the chronicles reveal?



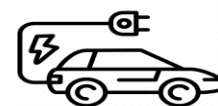
FX Range Accruals

FX range accruals are financial products offering returns based on the number of days a currency pair trades within a predetermined range. Investors earn higher interest if the exchange rate remains stable within the set range. For instance, an investor might enter an FX range accrual with a EUR/USD range of 1.10 to 1.20. If EUR/USD trades within this range for 25 out of 30 days, the investor accrues interest for those 25 days. FX range accruals can also be used for hedging. Businesses with predictable currency exposures use them to stabilize cash flows, earning interest while mitigating the risk of significant currency fluctuations. This balance of risk and reward suits those seeking stability in volatile markets. At CBD we back up your ambitions, reach out for more information.



Willy Wonka Takes a Break!

Cocoa prices have fallen for the seventh consecutive day, marking their worst decline in nearly two years. Improved weather conditions in key African regions, particularly Ghana and Ivory Coast, are expected to boost crop yields. Three-month cocoa futures on the Intercontinental Exchange in New York dropped 0.81% to \$7,214 a ton, down 38% from a record high of \$11,679 earlier this year. London prices also decreased by 0.15% to £6,097. Earlier this year, cocoa futures soared to their highest levels in over four decades due to supply shortages from poor crops in Ghana and Ivory Coast, which together produce about 60% of the world's cocoa. Bad weather, disease, and aging trees exacerbated the decline. Optimism about improving weather conditions has eased prices. Better harvests could stabilize the market, offering relief to chocolate producers. For now, it seems Willy Wonka is taking a break.



The Fuel of The Future

Despite a recent slump in lithium prices due to piling inventories and slowing electric vehicle (EV) sales, industry giants like ExxonMobil and Albemarle remain bullish on the long-term demand for this crucial energy transition metal. Exxon, eyeing to become a leading EV battery supplier by 2030, is advancing lithium extraction projects in Arkansas. Meanwhile, Argentina's imminent quadrupling of lithium production, driven by four new projects, promises to boost global supply. These projects, nestled in the Andes mountains, will significantly increase Argentina's production capacity. If you want to be involved, have a look at companies like Albemarle and Lithium Americas, and ETFs such as Global X Lithium & Battery Tech ETF (LIT). They are poised to benefit from lithium's bright future, underscoring its potential as the "fuel of the future."

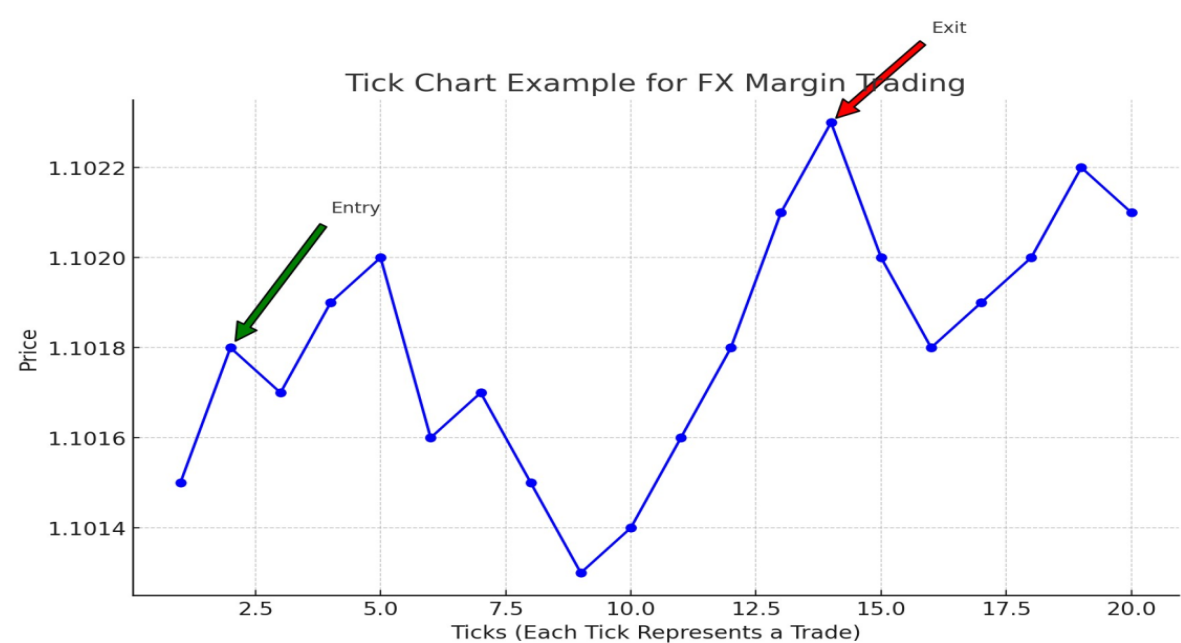
CBD Tradr

CBD Tradr



Understanding Tick Charts

A tick chart represents market activity by plotting price movements based on a specified number of transactions, rather than time intervals. Each tick denotes a trade, offering granular insight into market dynamics. In FX margin trading, tick charts help traders capture short-term price fluctuations, identify entry and exit points, and monitor real-time market momentum. By focusing on trade frequency, tick charts filter out low-activity periods and provide a clearer view of market sentiment and volatility, aiding in swift decision-making and precise trade execution.



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