



Key Highlights



SOME RESPITE ON INFLATION OUTLOOK

The US January Core PCE (personal consumption expenditure), the Fed's preferred measure of inflation came in line with consensus forecast, but it was the biggest month-on-month rise since January last year. On the other hand, consumer confidence inched lower in February while ISM manufacturing PMI dipped further into contraction territory with employment and new orders indices edging lower.



RATE OUTLOOKS CONVERGE

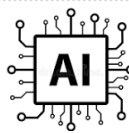
The market is adjusting its interest rate outlook based on mixed economic data in the US and hawkish comments from Fed officials. From expectations of 150 bps of rate cuts this year, the market is now looking for just 91 bps; coming closer with the Fed's own assessment of only 75 bps of cuts during the year. The Fed will issue its renewed outlook at its next rate-setting meeting on 20 March.



STOCKS ADVANCE FURTHER

Strong fourth quarter earnings, economic growth that is still resilient, renewed enthusiasm around AI, sparked by Nvidia, along with the belief that the direction of interest rates is down, continue to power the equity markets higher.

S&P 500, Nasdaq, Eurostoxx 600 and Nikkei 225, closed at new all-time highs. These benchmarks ended February with their fourth consecutive monthly advance.



DELL JOINS THE AI BANDWAGON

Shares of Dell Technologies surged 32% to a record high on Friday after declaring better than expected Q4 earnings and announcing massive order backlog for its high-powered AI servers that incorporate Nvidia chips, even as its PC revenue fell.

This news fueled Nvidia to a new all-time high, taking its market cap to beyond \$2 trillion, joining Apple, Microsoft and Aramco in the +\$2 trillion market cap club.



APPLE ABANDONS ITS EV PROJECT

After working on its project to launch a fully autonomous driving car, for a decade, Apple finally pulled the plug on it to move resources to generative AI applications.

Efforts on the EV project will not be wasted as most of the research work was on AI-solutions that could be easily applied to other areas. In fact, this move is likely to release more money back for shareholders through buybacks.



CHINESE STOCKS BOUNCE FROM THE BOTTOM

After falling almost 50% from March 2021 highs, Chinese equities surged 9.30% in February. Markets are enthused by government support for markets and some pickup in domestic consumption during the Lunar New Year holidays. However, major structural issues continue with home sales down 60% y-o-y and factory orders shrinking for fifth straight month. Both exports and imports fell in 2023.

1 Week YTD'24 2023

Star of the Week

Dell Technologies	37.90%	62.86%	44.93%
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Global Equities

Magnificent 7	1.74%	15.56%	80.89%
Dow Jones Ind.	-0.11%	3.71%	13.70%
S&P 500	0.95%	7.70%	24.23%
Nasdaq Comp.	2.04%	8.78%	43.42%
Eurostoxx 600	0.07%	3.88%	12.74%
FTSE 100	-0.31%	-0.66%	3.78%
India Nifty50	1.16%	2.98%	20.03%
Nikkei 225	2.08%	19.26%	28.26%
Shanghai Comp.	1.38%	3.11%	-1.93%

Regional Equities

Dubai DFM	3.09%	7.31%	21.69%
Abu Dhabi ADX	-0.01%	-3.12%	-6.20%
Saudi Tadawul	0.95%	7.70%	13.87%

Bonds

US IG Bond Index	0.47%	-1.30%	5.15%
GCC Bnd/Suk Index	0.42%	-1.69%	5.14%

Currencies

Dollar Index	-0.07%	2.49%	-2.11%
Euro	0.12%	-2.04%	3.30%
GBP	-0.17%	-0.84%	5.50%
JPY	0.17%	-6.20%	7.50%
CHF	-0.38%	-5.07%	8.97%
AUD	-0.52%	-4.46%	0.23%
CNH	-0.07%	-1.23%	-2.94%
INR	-0.02%	0.45%	-0.63%
SGD	-0.07%	-1.87%	1.49%

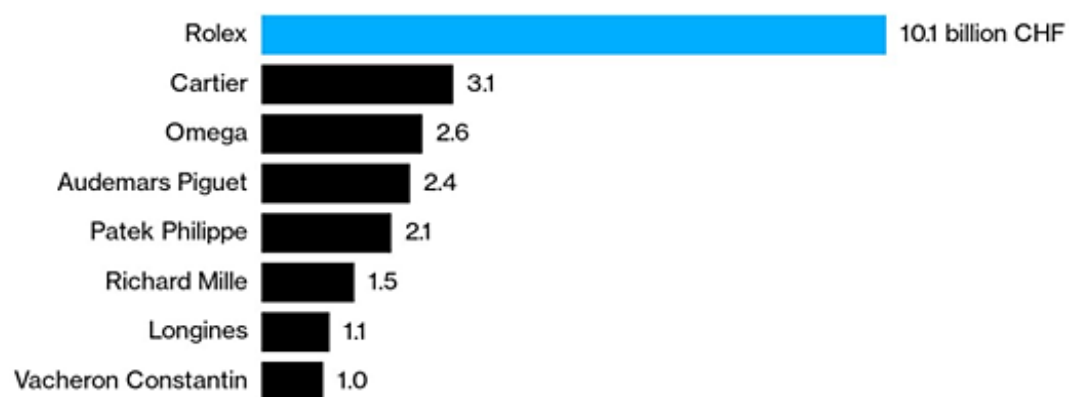
Commodities

WTI Crude	4.55%	11.61%	-10.73%
Brent Crude	2.36%	8.45%	-10.32%
Nat Gas	14.47%	-27.01%	-43.82%
Gold	2.30%	0.88%	13.47%
Silver	0.70%	-3.43%	0.18%
Copper	-0.64%	-0.91%	2.10%

Rolex and the Rest

Rolex sales are larger than next five biggest brands combined

■ 2023 sales billions CHF



Sources: Morgan Stanley, LuxeConsult, Bloomberg

Bloomberg

Chart of the Week

Rolex sales in 2023 crossed \$10 billion for the first time as its market share rose to 30% in the luxury watches industry. According to Morgan Stanley, its sales beat the next five brands Cartier, Omega, Audemars Piguet, Patek Philippe and Richard Mille put together. No other luxury brand can claim such a dominant position in its respective sector. Louis Vuitton, for example, had about a 19% share of the luxury handbag market last year.

In number of units, Rolex sold 1.24 million watches last year; dwarfed by about 5.8 million watches sold by Swatch and over 55 million watches sold by Apple during the same period. It is estimated that the entire Swiss watch industry sold 16.9 million pieces last year, falling significantly from the 28 million sold in the pre-Apple Watch days of 2015.