

# Weekly Newsletter

21st June, 2024

asascapital.com

## Musings

“Wealth consists not in having great possessions, but in having few wants.”

- Epictetus

## Last week in the markets

	Closing level	Weekly change	YTD change
S&P 500	5,464.62	+0.61%	+14.57%
Nasdaq Composite	17,689.36	+0.00%	+17.84%
10Y UST Yield	4.257	+0.69%	+9.69%
Crude oil	80.59	+3.41%	+12.98%
Gold	2,334.70	+0.65%	+12.69%
DXY	105.83	+0.27%	+4.44%
USD/INR	83.57	+0.02%	-0.04%
Euro STOXX 50	4,907.30	+1.41%	+8.53%
India (Nifty)	23,501.10	+0.15%	+8.14%
Japan (Nikkei)	38,596.47	-0.56%	+15.34%
China (SSE)	2,998.14	-1.14%	+0.78%
Saudi (TASI)	11,498.93	+0.00%	-5.76%
Abu Dhabi (ADX)	9,013.07	+0.71%	-5.90%
Dubai (DFM)	4,012.20	+0.64%	-1.20%

## News from the markets

It was a relatively quiet week in the financial markets, with most indices finishing the week close to where they started.

French President Emmanuel Macron has dissolved the National Assembly and called a general election after the victory of the French far-right in the European parliament elections. The French far-right won 32 per cent of the vote, with Macron's party obtaining less than 15 per cent. A far-right France could fatally cripple an already weakened European Union, the ideal of a shared European identity and the ambition for a United States of Europe. A founding member of the European Economic Community, France is the only EU member with a permanent UN Security Council seat.

The Swiss National Bank on Thursday trimmed its key interest rate by 25 basis points to 1.25%, continuing cuts at a time when sentiment over monetary policy easing remains mixed among major economies. The Swiss franc weakened in the wake of the announcement.

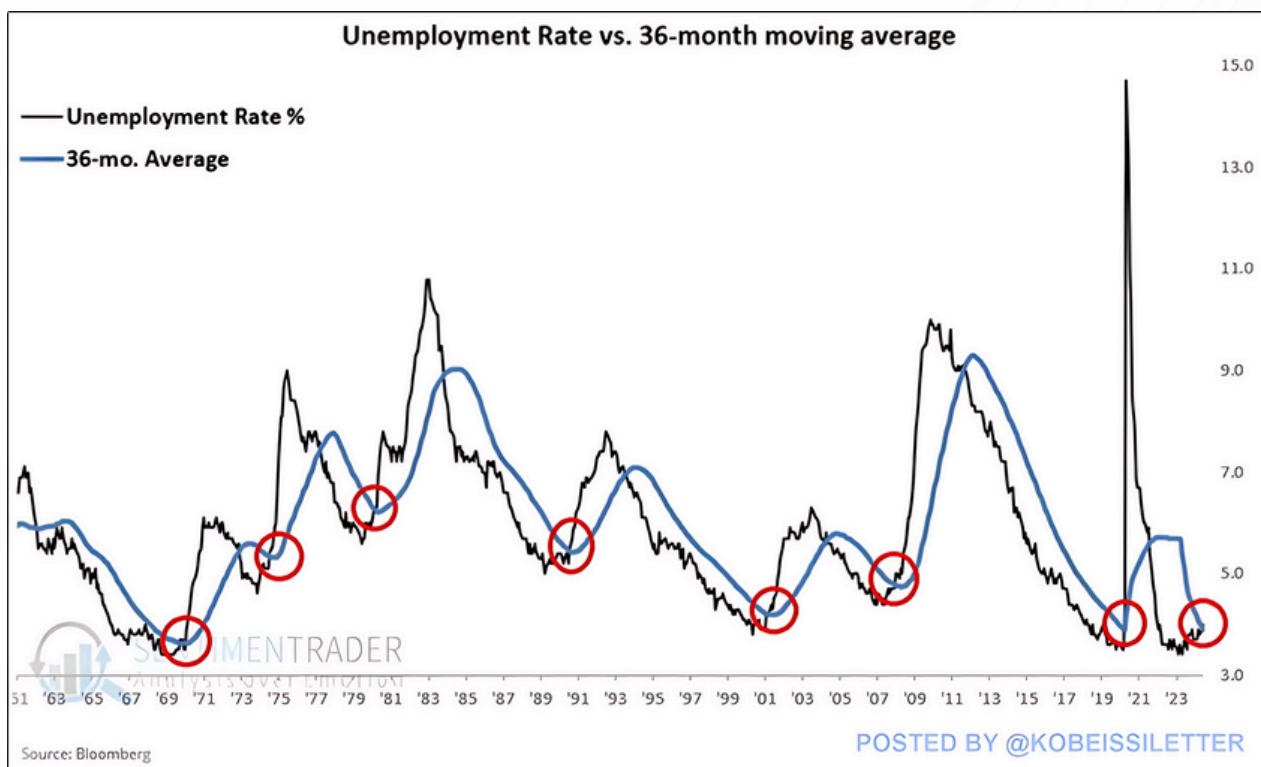
As we had projected, the Japanese Yen has again weakened to ~160 against the US Dollar. The Bank of Japan debated in June the chance of a near-term interest rate hike with one policymaker calling for an increase "without too much delay" to address risks of inflation overshooting expectations. An increase in interest rates could have a material impact on Japanese appetite for US Treasuries, thereby putting upward pressure on yields.

China and the European Union are open to holding talks on the EU's recent decision to sharply raise tariffs on imports of Chinese-made electric vehicles, officials from both sides say. The EU had earlier announced plans to impose provisional tariffs of 17.4% to 38.1% on EVs from China for four months starting on July 4. That's on top of the 10% duties for all imported EVs. They would apply to vehicles exported to Europe by both Chinese and foreign brands, including Tesla. An amicable solution is likely to provide some support to the beleaguered Chinese export sector.

Retail software provider CDK Global says it will likely take several days for its software to be back online and operational, as the company grapples with a system outage that has paralyzed nearly 15,000 car dealerships across North America since Wednesday. The company was negotiating with an Eastern European-based hacker group demanding tens of millions of dollars in ransom to end the outage.

Investors tracking JPMorgan Chase & Co.'s emerging markets bond index have already positioned for India's inclusion, with 3.6% of their assets allocated to the nation's sovereign debt at end-May, according to Morgan Stanley. India's index-eligible bonds have attracted \$10 billion since the inclusion was announced in September. This event could likely draw \$20 billion to \$25 billion of global flows into local debt, according to JPMorgan. The nation will have a 1% weight in the index, which will gradually rise to 10% over a 10-month period.

## Chart of the Week



The US unemployment rate has crossed above its 36-month moving average for the first time in 4 years. Previous instances have always been followed by a rapid spike in unemployment and the economy falling into a recession.



# Disclaimer

This document is prepared by Asas Capital Ltd (Asas). Asas is regulated by the Dubai Financial Services Authority ("DFSA"), incorporated in the Dubai International Financial Centre. The information contained in this material does not constitute an offer to sell or the solicitation of an offer to buy, or recommendation for investment in any financial product or financial service in any jurisdiction. The information in this document is not intended as final advice and is only intended for Professional Client and Market Counterparty, as defined by the DFSA, who understand the risks associated with such investments. Investors are not to construe the contents of this document as legal, business or tax advice and each investor should consult its own attorney, business adviser and tax adviser as to the associated risks, legal, business, tax, and related matters. All reasonable efforts have been made to ensure accuracy of the information contained in this document, however, it may include certain inaccuracies or typographical errors and Asas reserves the right to change or update these later. This document has not been reviewed by, approved by, or filed with the DFSA. Asas does not provide any warranty, express or implied, about the accuracy of the information provided in this document. Asas also does not provide a warranty, express or implied, on the availability of products and services described in this document. But without prejudice to the generality of the foregoing, no redocument or warranty is given as to the achievement or reasonableness of any future projections, estimates, returns contained in the document or in such other written or oral information. Past performance is not a sign of future performance. This document is confidential and contains proprietary information, neither this document nor any portion hereof may be reprinted, sold, or redistributed without our prior written consent. The distribution of this document and investment in any financial product or financial service may be restricted by law in certain jurisdictions. The investors should inform themselves as to legal requirements and tax consequences within countries of their citizenship, residence, domicile, and place of business with respect to holding and disposition of investment and any foreign exchange restrictions that may be relevant thereto. In no event shall Asas be liable for any direct, indirect, punitive, incidental, special, or consequential damages or damages for loss of profits, revenue, data, down time, or use, arising out of or in any way connected with the use of this document or performance of any investments, whether based on contract, tort, negligence, strict liability or otherwise.