

Weekly Newsletter

March 15th, 2024

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Musings

"I don't look to jump over seven-foot bars; I look around for one-foot bars that I can step over."

— Warren Buffett

Last week in the markets

	Closing level	Weekly change	YTD change
S&P 500	5,117.09	-0.13%	+7.28%
Nasdaq Composite	15,973.17	-0.70%	+6.41%
10Y UST Yield	4.318	+5.83%	+11.26%
Crude oil	81.01	+4.07%	+13.57%
Gold	2,159.40	-1.23%	+4.23%
DXY	103.45	+0.71%	+2.09%
USD/INR	82.89	+0.17%	-0.35%
Euro STOXX 50	4,986.02	+0.50%	+10.27%
India (Nifty)	22,023.35	-2.09%	+1.34%
China (SSE)	3,054.64	+0.28%	+2.68%
Saudi (TASI)	12,728.53	+0.88%	+6.04%
Abu Dhabi (ADX)	9,221.37	-0.14%	-3.72%
Dubai (DFM)	4,262.50	+0.22%	+4.97%

News from the markets

Stocks finished the week lower, notching a second consecutive losing week for Wall Street. All three major indexes lost ground.

US CPI rose by a sharp 0.4% from January to February, a faster pace than is consistent with the Fed's 2% inflation target. Compared with a year earlier, prices rose 3.2%, up from a 3.1% increase rise the previous month.

Wholesale prices in the United States also accelerated again in February, the latest sign that inflation pressures in the economy remain elevated and might not cool in the coming months as fast as the Federal Reserve or the Biden administration would like. The Producer Price Index rose 0.6% from January to February and by 1.6% year-on-year, the most since last September.

Higher wholesale gas prices, which jumped 6.8% just from January to February, drove much of the increase.

The International Energy Agency on Thursday raised its view on 2024 oil demand for a fourth time since November as Houthi attacks have disrupted Red Sea shipping. World oil demand will rise by 1.3 million bpd in 2024, the IEA said in its latest report, up 110,000 bpd from last month. It forecast a slight supply deficit this year should OPEC+ members sustain their output cuts having previously forecast a surplus.

Retail sales grew 0.6% from January to February, after a sharp fall of 1.1% the previous month. The data points to cooling consumer demand, with many consumers having run through their pandemic-era savings and putting more spending on credit cards.

Joe Biden unveiled a \$7.3tn budget plan for 2025, as the president laid out a fiscal agenda that boosts spending but plans to save \$3tn through higher taxes over 10 years. The proposal has scant hope of passing but signals his priorities ahead of November's elections.

The US House of Representatives overwhelmingly passed a measure that gives ByteDance, the owner of TikTok – the choice to sell the company within six months, or lose access to app stores and web-hosting services in the U.S. It now heads to the Senate, where's its future is uncertain. It doesn't appear that the Senate is in a hurry to send the bill to President Biden, who recently said he would sign it.

This week Nvidia will host its GPU Technology Conference (GTC), which is where the company is expected to give developers a sneak peek at its next-generation codenamed B100 GPU for AI and HPC applications. Given Nvidia's influence on technology and financial markets, the interest in any information on what's coming will be strong.

Adobe shares fell around 14% after its downbeat quarterly sales forecast fueled worries about competition from AI startups.

Zillow tumbled 13%, alongside other real estate names, after the National Association of Realtors reached a legal settlement that paves the way for home buyers and sellers to pay lower commissions.

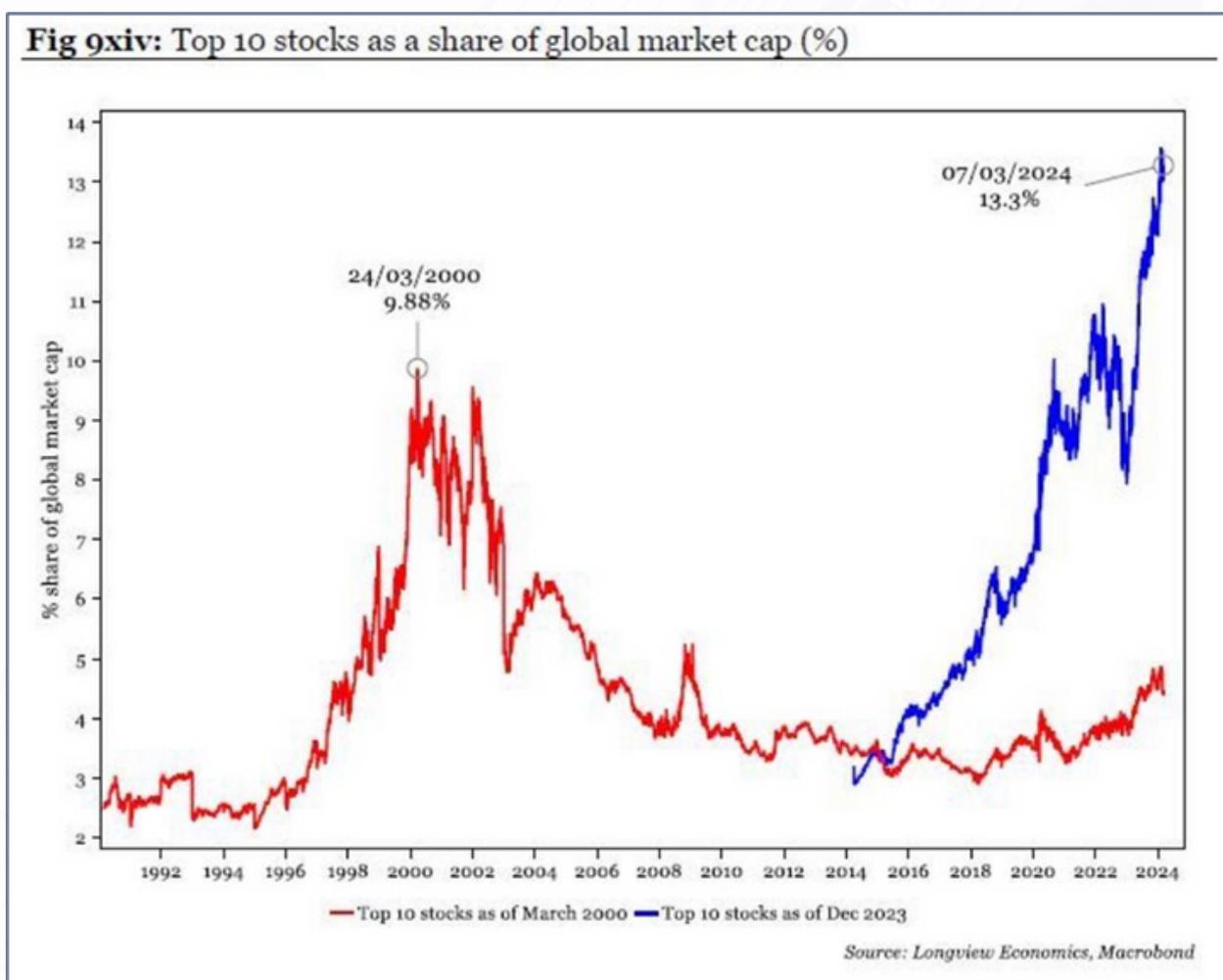
Officials from Liaoning and Hebei – two of China's most indebted provinces – plus the city of Tianjin, took part in extensive high-level debt talks with top state banks in Beijing recently to renegotiate billions in liabilities that could strangle growth without help from national officials.

Moody's downgraded Vanke, China's second largest property developer by sales, to "junk" from investment grade ratings, and said all of Vanke's ratings would be on review for downgrade. The Moody's action came after a Reuters report on Monday that China had asked banks to enhance financing support for state-backed Vanke and called on creditors to consider allowing private debt maturities to be extended.

India will hold a seven-phase general election starting on April 19, with the results to be declared on June 4. Nearly 970 million voters – more than the entire population of the United States, the European Union and Russia combined – are eligible to cast their ballot.

As per a Bloomberg report on Friday, the US has widened its investigation of India's Adani Group to focus on the conduct of its founder, Gautam Adani, and whether the company may have engaged in bribery. Shares of the group tumbled up to 8% in intraday trade at the time of writing this report.

Chart of the Week



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