

# Weekly Newsletter

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## Musings

"The greatest enemy of knowledge is not ignorance, it is the illusion of knowledge."

- Stephen Hawking

## Last week in the markets

	Closing level	Weekly change	YTD change
S&P 500	5,137.08	+0.95%	+7.70%
Nasdaq Composite	16,274.94	+1.74%	+8.42%
10Y UST Yield	4.185	-1.55%	+7.84%
Crude oil	79.80	+4.22%	+11.87%
Gold	2,091.60	+2.24%	+0.96%
DXY	103.89	-0.05%	+2.52%
USD/INR	82.85	-0.05%	-0.41%
Euro STOXX 50	4,894.86	+0.46%	+8.25%
India (Nifty)	22,338.75	+0.57%	+2.79%
China (SSE)	3,027.02	+0.74%	+1.75%
Saudi (TASI)	12,630.86	-0.08%	+5.23%
Abu Dhabi (ADX)	9,278.91	-0.01%	-3.12%
Dubai (DFM)	4,356.60	+3.09%	+7.29%

## News from the markets

### U.S. data pointing to "slower-than-expected" disinflation

U.S. prices accelerated in January amid a surge in the costs of services like housing and finance, but the annual increase in inflation was the smallest in three years.

The personal consumption expenditures (PCE) price index rose 0.3% last month, the Commerce Department's Bureau of Economic Analysis said. Data for December was revised lower to show the PCE price index gaining 0.1% instead of the previously reported 0.2%. Goods prices fell 0.2% as the cost of energy dropped 1.4%, offsetting a 0.5% rise in food prices.

The number of seasonally adjusted initial jobless claims in the US rose by 13,000 to 215,000 in the week ending February 24, according to the Department of Labor data on Thursday. The four-week moving average came in at 212,500, down 3,000 from the previous week.

In a sign of current enthusiasm for all things AI, Super Micro Computer Industries is joining the S&P 500 after artificial intelligence has spurred outsized growth for the server company's stock. The company's stock has gained over 200% since the start of 2024 due to surging demand for its AI servers, which facilitate training and deployment of AI models, taking its market capitalization to ~\$50B.

Meanwhile and in perhaps another sign of change in dominant narrative, Apple's long-rumored driverless car project, also known as Project Titan, has been shuttered. A nearly 10-year slog of sky-high expectations that even the world's richest company couldn't hope to meet. The end of the project will surely spark new questions about the state of the EV and AV industries, or where Apple will find its next big source of revenue.

### **Europe likely to delay interest rate cuts**

ECB President Christine Lagarde specified that more data, especially negotiated wage data from Q1, will be required to cut rates from 4%.

### **Chinese stock markets get help from the government. For now.**

Short positions in China's stock market shrank by a third in February to their lowest in more than three years, reflecting measures by regulators to curb speculation and boost investor confidence.

China's blue-chip CSI300 Index has bounced nearly 14% from five-year lows it hit last month as selling pressure eases in the face of government stabilization efforts, though economic growth still appears fragile.

The balance of stocks investors have borrowed to sell short slumped to 43.5 billion yuan (\$6.04 billion) at the end of February, two thirds of the level at the end of January and the lowest since July 2020, according to data from China Securities Finance Corp, a state firm providing margin financing services in the market.

The data does not capture other short positions via derivatives or stock futures.

### **Japan struggling to sustain growth**

Japan's January factory output fell at the fastest pace since May 2020, government data showed on Thursday, as a production downturn in motor vehicles added to concerns about the fragility of an economy that slipped into recession late last year.

Industrial output fell 7.5% in January from the previous month, data from the Ministry of Economy, Trade and Industry showed. It was slightly worse than the median market forecast for a 7.3% drop, with output sliding in 14 of the 15 industries surveyed by METI.

The ministry also downgraded its assessment of industrial output for the first time since July last year.

### **India powers on**

At 8.4%, India's economy expanded at its fastest pace in six quarters, data showed late Thursday, on strong private consumption and upbeat manufacturing and construction activity. Reuters estimates had pegged growth in the October to December period at 6.6%. The Indian government also raised its GDP growth outlook for fiscal year 2023-24 to 7.6% from 7.3% forecast earlier.

Adani Green Energy is planning to raise funds through U.S. dollar-denominated 18-year bonds and has provided initial guidance of raising \$409 million for a coupon of around 7.125%. This will be the Adani group's first dollar-denominated bond issue after a report by U.S. short-seller Hindenburg Research in January 2023 led to a sell-off in stocks and overseas-listed bonds of Adani group.

### **UAE's diversification efforts bear more fruit**

The UAE has achieved "a historic first" as its robust national economy reached milestone in its diversification drive with the non-oil sector accounting for 73 per cent of the country's total GDP.

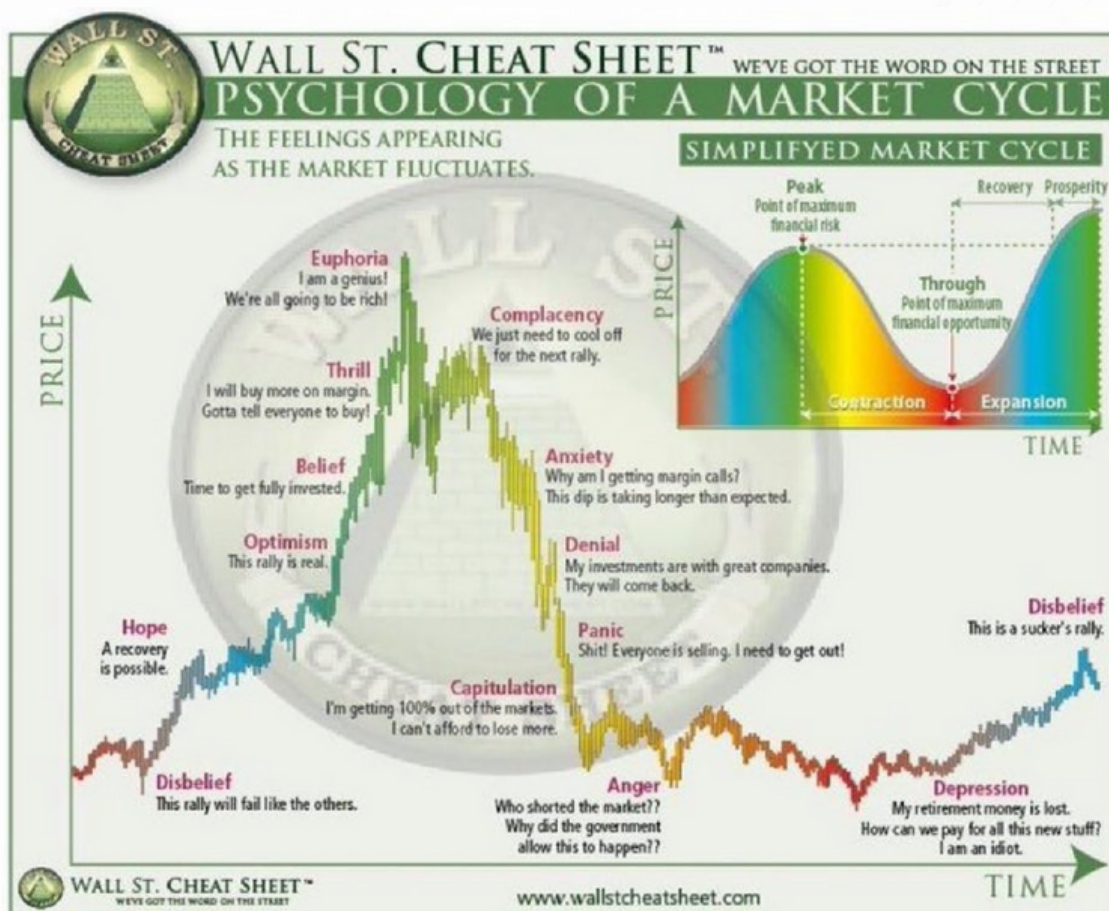
The UAE Central Bank has raised its forecast for the GDP growth for the UAE for 2024 to 5.7 per cent, compared to its previous projection of 4.3 per cent. The CBUAE anticipates a non-oil GDP growth of 5.9 per cent in 2023 and 4.7 per cent in the following year, while estimating the oil GDP growth at 8.1 per cent in 2024.

### **Another attractive IPO coming up in the UAE**

The Dubai government is selling a 24.99% stake in Parkin, which oversees public parking operations in the emirate, through an initial public offering in the emirate's first privatization deal this year. The firm operated about 179,000 paid public parking spaces across Dubai and booked revenue of 779 million dirham (\$212.1 million) in 2023, up 14% from a year earlier, while its core profit rose 23% to 414 million dirhams.

Commencing subscription on March 5, the IPO opens its doors to retail investors until March 12, while institutional investors can participate until March 13.

## Chart of the Week



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