

# Weekly Newsletter

September 13th, 2024

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## Musings

“Wealth is not his that has it, but his that enjoys it.”

— Benjamin Franklin

## Last week in the markets

	Closing level	Weekly change	YTD change
S&P 500	5,626.02	+4.02%	+17.95%
Nasdaq Composite	17,683.98	+5.95%	+17.80%
10Y UST Yield	3.657	-1.51%	-5.77%
Crude oil	69.24	+1.58%	-2.93%
Gold	2,578.50	+3.28%	+25.00%
DXY	101.11	+0.06%	-0.30%
USD/INR	83.88	-0.13%	+0.84%
Euro STOXX 50	4,843.99	+2.24%	+7.13%
India (Nifty)	25,356.50	+2.03%	+16.68%
Japan (Nikkei)	36,581.76	+0.52%	+9.32%
China (SSE)	2,704.09	-2.23%	-9.10%
Saudi (TASI)	11,842.55	-1.61%	-2.94%
Abu Dhabi (ADX)	9,350.32	-1.03%	-2.38%
Dubai (DFM)	4,380.50	+0.19%	+7.87%

## News from the markets

**The Consumer Price Index (CPI) increased 2.5% over the prior year in August**, a deceleration compared to July's 2.9% annual gain in prices and the lowest annual rate since early 2021. The index rose 0.2% over the previous month, matching both July's monthly increase and what economists had expected. **On a "core" basis, which strips out the more volatile costs of food and gas, prices in August climbed 0.3% over the prior month and 3.2% over last year.**

Despite this, the tech-heavy Nasdaq Composite led markets higher to nab its best week of the year, up about 6%. That weekly best was echoed by the benchmark S&P 500, and the Dow Jones Industrial Average.

**One contributing factor for the upmove in stocks was Nvidia, which is up nearly 16% after comments from CEO Jensen Huang renewed confidence in AI chip demand.**

The positive swings come as traders have flip-flopped on whether the Federal Reserve will cut rates by 25 basis points or a more robust 50 basis point cut at the end of its two-day policy meeting on Wednesday in what will be the first rate cut from the Fed since early 2020. As per the CME Fedwatch tool, the market is evenly split between 25 and 50 bps.

**In our view, a 25 bps cut is the more likely outcome,** and a 50 basis points is likely to be seen as signaling the Fed is too far behind the curve to avoid a recession.

Meanwhile, Gold prices broke through the \$ 2,600/oz level for the first time in history. Prices of the yellow metal are now up 24% this year.

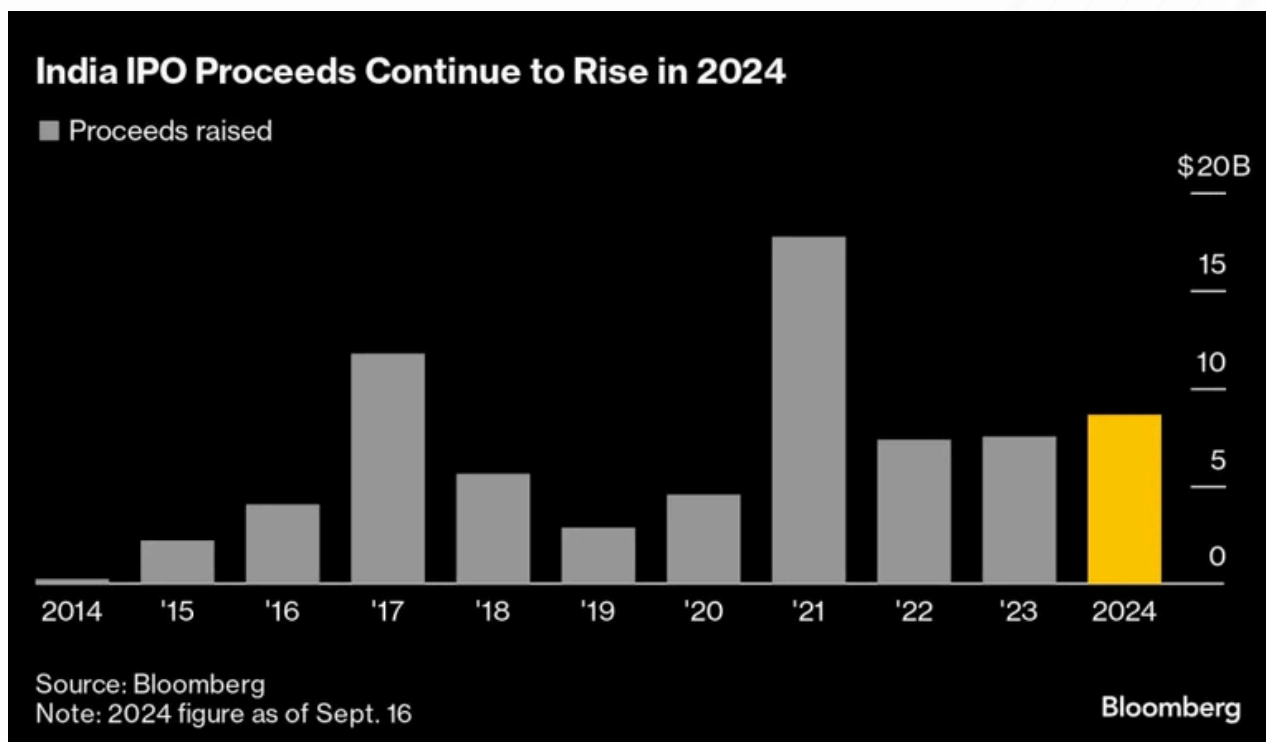
As highlighted in our previous monthly newsletters, silver is catching up to gold. During the week, the price of silver surged to \$31/ounce, marking an increase of over 8.5%. This rise is driven by growing expectations of a 50-basis point rate cut by the Federal Reserve, leading to a weaker US Dollar, and making silver more affordable for international buyers.

More than 30,000 members of the International Association of Machinists and Aerospace Workers (IAM), who produce Boeing's top-selling 737 MAX and other jets in the Seattle and Portland, began a strike after overwhelmingly voting down a new contract. Boeing and union negotiators are due to return to the bargaining table next week, in talks overseen by U.S. federal mediators.

**The ECB cut interest rates for a second time since June** and confirmed economic projections which see consumer-price growth averaging 2.2% next year and 1.9% in 2026.

In India, Bajaj Housing Finance's IPO, one of the most anticipated of the year, has seen unprecedented demand, with bids reaching Rs 3.2 lakh crore, oversubscribing by 67.43 times. It made a bumper debut on the bourses with the stock ending the day at ₹165 on NSE, a 135.71% premium to the IPO price of ₹70, and at ₹164.99 on BSE, a 135.70% premium.

## Chart of the Week



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