

# Weekly Newsletter

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## Musings

“Opportunity is missed by most people because it is dressed in overalls and looks like work.”

— Thomas Edison

## Last week in the markets

	Closing level	Weekly change	YTD change
S&P 500	5,234.18	+2.29%	+9.74%
Nasdaq Composite	16,428.82	+2.85%	+9.44%
10Y UST Yield	4.202	-2.69%	+8.27%
Crude oil	80.81	-0.25%	+13.29%
Gold	2,166.50	+0.33%	+4.57%
DXY	104.43	+0.96%	+3.06%
USD/INR	83.60	+0.85%	+0.50%
Euro STOXX 50	5,031.15	+0.91%	+11.27%
India (Nifty)	22,096.75	+0.33%	+1.68%
China (SSE)	3,048.03	-0.22%	+2.46%
Saudi (TASI)	12,835.65	+0.72%	+6.93%
Abu Dhabi (ADX)	9,321.59	+1.09%	-2.68%
Dubai (DFM)	4,280.35	+0.42%	+5.41%

## News from the markets

The **Federal Reserve held the Fed Funds rate at 5.25–5.50%, but indicated they still expect to reduce them by 75 bp by the end of 2024**, despite slower progress towards the central bank's two per cent inflation target. The Fed's new policy statement described inflation as remaining "elevated," and updated quarterly projections showed core PCE rising at a 2.6% rate by the end of the year. Officials sharply accelerated their projections for GDP growth this year and now see the economy running at a 2.1% annualized rate, up from the 1.4% estimate in December. US Treasury yields fell after the announcement and ended the week about 10 bps lower.

Japan's central bank raised short-term interest rates for the first time since 2007 to around 0% to 0.1% from -0.1%, ending the only negative rates regime in the world. It also **abolished its radical yield curve control policy for Japanese sovereign bonds**. Market reaction was relatively muted – the yen weakened to beyond 150 to the dollar, yields on the 10-year Japanese government bonds slipped, while the Nikkei stock index ended slightly up.

The **Swiss National Bank cut its main interest rate by 25 basis points to 1.50% for the first time in nine years**, a surprise move which made it the first major central bank to dial back tighter monetary policy aimed at tackling inflation. The step follows a drop in Swiss inflation to 1.2% in February, the ninth month in succession that price rises have been within the SNB's 0-2% target range. The move wrong-footed markets, sending the Swiss franc lower, Swiss government bond yields tumbling, and boosting Zurich-listed shares.

**The U.S. Department of Justice (DOJ) has filed a lawsuit accusing Apple of building a smartphone monopoly** by constraining its smartphone operating system in a manner that increases costs for consumers and prevents fair competition from other developers. Apple, which dominates the U.S. smartphone market and holds over 61% of the market share, has called the lawsuit "wrong on the facts and the law". Shares of the company slid by just over 4 percent to close at \$171.37 after the announcement and have since recovered slightly to close the week at \$ 172.28.

**China has introduced guidelines to phase out U.S. microprocessors from Intel and AMD**, from government personal computers and servers. The procurement **guidance also seeks to sideline Microsoft's Windows operating system** and foreign-made database software in favor of domestic options.

**Intel is in line to receive as much as \$8.5 billion in direct funding from the federal government** as part of the CHIPS Act, the White House said on Wednesday. **The company could also receive up to \$11 billion in loans tied to the legislation**, which was passed in 2022.

**US Memory chips maker Micron Technology's stock was up 10.6% after reporting results ahead of analysts' expectations** in Q1 CY2024, with revenue up 57.7% year on year to \$5.82 billion. On top of that, next quarter's revenue guidance (\$6.6 billion at the midpoint) was surprisingly good and 9.9% above what analysts were expecting.

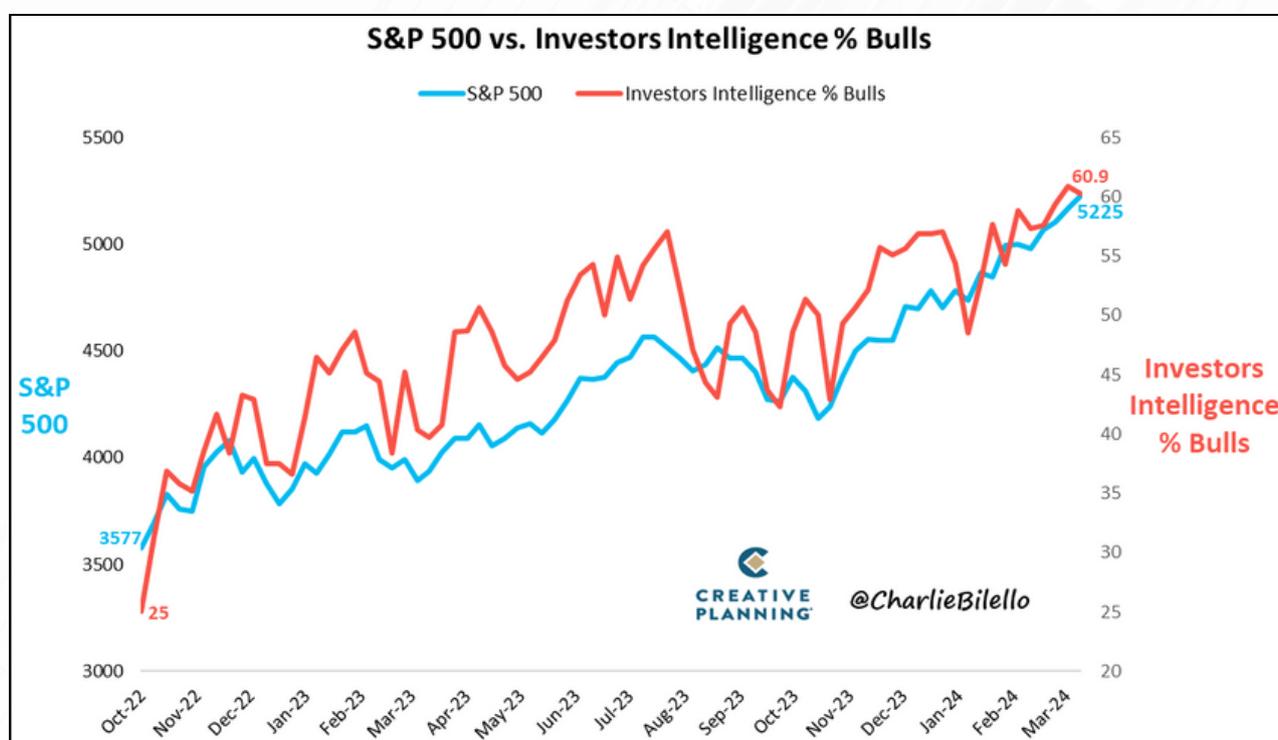
Social media platform **Reddit's shares ended their first day of trading in New York up 48%**, signaling that investor appetite for initial public offerings of promising yet loss-making companies could be returning. Reddit, which has not turned an annual profit since launching in 2005, lured investors by positioning its content as training grounds for artificial intelligence (AI) programs. The IPO valued Reddit at \$6.4 billion, and the company and its selling shareholders raised \$748 million.

**Nike shares tumbled 7% on Friday** after the Air Jordan maker warned of lower sales in its first half as it replaces older styles with trendier sneakers, while **Lululemon Athletica sank 16%** as demand waned for its premium athleisure. While **Lululemon's gloomy forecast spotlights the challenges for retailers as customers reduce discretionary spending** due to sticky inflation, Nike's projection signals its efforts to battle newer brands for market share.

**Shares of Dubai parking operator Parkin surged more than 30% as the company went public on the Dubai Financial Market.** Parkin's price per share jumped to 2.73 dirhams (\$0.74) as trading began, marking an overwhelmingly positive debut for the United Arab Emirates' first public listing of the year. Shares were initially priced at the top end of their range at 2.1 dirhams, giving the company a valuation of \$1.7 billion. Readers may recall that we had recommended investing in the IPO in our earlier newsletter.

**Saudi Arabia's Public Investment Fund (PIF) is in talks with venture capital firm Andreessen Horowitz to create a \$40 billion AI-focused investment fund.** Collaborating with Andreessen Horowitz, which has a strong tech and AI investment portfolio, signals Saudi Arabia's ambition to become a leading player in the global AI sector.

## Chart of the Week



The Investors Intelligence bull-bear ratio is an indicator that measures the level of optimistic versus pessimistic investors.

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