

HEADLINES



- Mediator Qatar has enabled a deal between Hamas and Israel to allow aid into Gaza. According to the Government of Qatar, a deal has been reached to deliver medicine and other humanitarian aid to residents of Gaza, in exchange for medicine being provided to hostages held by Hamas since its Oct. 7 attack on Israel. Plans included supplies being flown to Egypt on Wednesday by the Qatari air force, before being transferred into Gaza.
- Ron DeSantis has dropped out of the 2024 U.S. presidential race, endorsing front runner and ex-president Donald Trump. A CNN poll showed that DeSantis has just 6% of Republican votes, with Trump at 50% and Nikki Haley at 39%. "I can't ask our supporters to volunteer their time and donate their resources if we don't have a clear path to victory," DeSantis said. Some donors want 45-year-old DeSantis to run for president again in 2028, when they expect Trump to no longer be in the ballot. DeSantis has expressed regret over his early campaign media strategy where he avoided mainstream media, preferring instead to speak to conservative outlets.
- Rishi Sunak has survived a key vote in Parliament regarding his U.K. immigration policy. The policy proposes that immigrants are deported to Rwanda and was voted in favour of in the House of Commons on Wednesday, by a count of 320 to 276. Next, the legislation will advance to the House of Lords, where stiff opposition is expected as Tories are in a minority in the upper chamber. However, it's not all roses for Sunak, as the 48 hours preceding the vote, saw some senior figures in his party air their doubts on central pillars of his strategy, only months before elections kick off. A YouGov poll led by the Times newspaper has shown support for the governing party has fallen to 20%.
- Egypt has raised its waterway transit fees for firms using the vital Suez Canal passage. The demand for foreign currency outweighed the fall in maritime activity creating the need to increase. Decrease in maritime traffic is due to the Houthis attacking commercial ships in the Red Sea, with volume down 30% in the first 2 weeks of the year.
- U.S. and Chinese officials met in Beijing on Thursday and Friday for "financial working group" talks, on issues such as financial stability, capital markets, narcotics and terrorism. Despite improved relations between the U.S. and China from the second half of 2023, Taiwan, Chinese and U.S. actions in the South China Sea, and issues including trade and export controls, continue to challenge the relationship.
- U.S. regulators are planning to introduce a plan which will require banks to avail of the Fed's discount window at least once per year, in order to help lenders prepare for "troubled times" and eliminate the stigma attached to availing of such a facility. The proposal is in response to last year's banking crisis and is being drafted by the Office of the Comptroller of the Currency, the FED and the FDIC. Michael Hsu, the acting Comptroller of the Currency said, "we want to make sure that banks have enough resources to meet any kind of outflows within five days especially those related to uninsured deposits." The push to avail of the discount window is so that banks become comfortable using the discount window in good times and in bad.
- U.K. retail sales for December fell at their fastest pace in 3-years, further adding to the case that the U.K. economy has slid into a shallow recession. The volume of goods sold in stores and online fell by 3.2%, which was significantly higher than the 0.5% decline forecasted. Retailers reported a slow December due to cost-of-living pressures and low footfall levels. Overall, it's the second consecutive year for a drop in retail sales as a whole, which slid 2.8% . Sales overall in Q4 were down 0.9%, wiping off 0.04 percentage points from the region's Q4 GDP.

COMMODITIES



- Global shipping costs are rising as tension in the Red Sea continues. Most shipping companies are avoiding the Red Sea which is the key corridor for trade and are forced to divert to alternative routes, causing extra travel time on many voyages. The Drewry Composite Index, which is the weighted average for 8 key routes, is up by 122% since November 30th.
- China's solar manufacturers are facing a challenging 2024, with concerns of overcapacity, weak profits and production shifting to overseas. China accounts for more than 90% of global solar cell production being the world's largest solar manufacturer, however, with falling prices on modules and other equipment, downward pressure is being exerted on the profit margins of individual companies in the industry. As per Government data published on Wednesday the production of solar cells surged by 54% last year to 541 gigawatts aiding global demand for clean energy. President Xi Jinping and his officials are steering towards to green industries such as solar and electric vehicles, as new drivers for the economy.
- Chinese Premier Li Qiang, whilst speaking at the World Economic Forum gave a firm indication that Beijing will not resort to significant stimulus to boost growth, despite the country recording its worst deflationary run since the Asian Financial crisis. Chinese property starts are down by 10% and property sales fell by 13% in December. The demand for industrial metals from iron ore to copper is not expected to obtain support from new Chinese policies this year and as the world's biggest metal consumer, has failed to eliminate persistent problems due to domestic demand and confidence.

Commodities USD	Last Price	29.12.23	% 1w	% 3m
ENERGY				
ICE Brent	78.18	77.04	0.04	-11.96
NYMEX WTI	73.16	71.65	0.66	-14.50
METALS				
Spot Gold	2023.55	2062.98	-1.60	2.13
LME Copper	8351.00	8559.00	-0.36	5.06
DCE Iron Ore	953.50	918.00	0.95	19.56
LME Aluminium	2166.00	2384.00	-1.75	-0.71
LME Nickel	16036.00	16603.00	-1.12	-13.73
AGRICULTURE				
ICE Cotton	84	81	3.31	-0.63
ICE Sugar	23.57	20.58	9.07	-12.22
CBT Soyabeans	1218.25	1298	-0.47	-8.47
CBT SRW Wheat	593.5	628	-0.42	-3.26

EQUITIES



- Apple Inc has been in the headlines for a mixture of reasons including its success in becoming the worlds top phone maker in 2023, overtaking Samsung for the first time since 2010. However, dwindling demand in china for its latest iPhone model, the iPhone 15, has led the U.S. giant to offer discounts of yuan 500 / \$70 in the run up to the Lunar New Year. In addition to this market set back in China, Apple lost a patent dispute with Masimo Corp where it has been instructed by the U.S. Court of Appeals for the Federal Circuit to sell its Series 9 and Ultra 2 watches in the U.S. without a blood oxygen feature. Apple will appeal the ban but this process could take a year or longer. Following the decision Masimo shares rose by 2.1% to \$122.57, reaching the highest level since August.
- Google will invest \$1 billion in a new data centre to be built north of London, marking the company's first in the U.K. Coincidentally, the announcement was alongside the U.K.'s Chancellor of the Exchequer Jeremy Hunts' trip to Davos, where he made no secret of the fact that tech is a big growth area for Britain. Hunt said the investment is a "big sign of confidence" in Britain.
- Further in the tech market, the Nasdaq 100 reached a record high as Apple Inc. rallied due to an analyst upgrade and Taiwan Semiconductor Manufacturing Co.'s outlook spurred on chipmakers, on hopes for a global tech recovery in 2024. The Index rose by 1.5% on Thursday and a further 2% on Friday, with chipmakers up by almost 3.5%.

UAE Stock Market AED	Last Price	29.12.23	% 1w	% 3m
BOS	0.64	0.66	2.24	-6.72
ENBD	17.45	17.30	-0.29	4.80
FAB	15.20	13.96	-0.91	16.92
ADCB	9.05	9.18	-0.33	12.98
EMAAR	7.60	7.92	-1.30	19.12
AirArabia	2.87	2.82	-1.03	15.73
Aramex	2.14	2.29	-0.47	-7.36
Etisalat	19.96	19.64	0.81	6.17
DEWA	2.55	2.46	1.59	7.14
DU	5.34	5.19	0.38	5.74

Equities	Last Price	29.12.23	% 1w	% 3m
NASDAQ	15310.97	15011.35	2.26	17.92
S&P 500	4839.81	4769.83	1.17	14.57
EURO STOXX 50	4448.83	4521.44	-0.13	10.54
FTSE100	7461.93	7733.24	-1.75	0.81
DAX	16555.13	16751.64	-0.40	11.87
NIKKEI	36429.33	33464.17	1.47	16.54
ADX	9712.4	9577.85	-0.67	4.36
DFM	4081.71	4059.8	-0.48	8.80

RATES



- The U.S. House of Representatives passed a short-term spending bill on Thursday to avoid a partial government shutdown. This bill will now be passed on to President Joe Biden for his signature which will extend government spending for some federal agencies until March 1st and others until March 8th. This interim step will give lawmakers time to complete negotiations on annual funding for the fiscal year that started October 1st 2023. Leaders in both parties have agreed on a \$1.66 trillion spending cap for the year but will still need to detail how they plan to distribute amongst government departments and programs.
- The U.S. Federal Reserve is faced with a challenge within its monetary policy, in defining the appropriate level for short-term interest rates, and a strategy to reduce the more than \$7 trillion held as securities on its balance sheet, which it amassed the previous years with a view to stimulating growth. The Fed securities portfolio plays a vital role in the supply of bank reserves but holds an inverse relationship with investors, in that a decline in securities within the Fed's portfolio normally means investors end up holding more. The subsequent effect of this is a drain of cash from bank accounts hence reducing reserves. The goal for Fed officials is to reach an "ample" level of reserves.
- Speaking at the World Economic Forum, French President Emmanuel Macron announced his backing towards the issuance of joint European debt for the financing of any EU bloc priorities including defence and technology. This is to ensure Europe remains independent amid increasing competition from China and the U.S. "We need more public investment in Europe, so we should open a second phase of reinvestment as we did during the Covid crisis, and maybe daring again to have Eurobonds for priorities," Macron said.

Interest Rates	Last Rate	29.12.23	bp 1w	bp 3m
3m EIBOR	5.057	5.327	-0.001	4.027
3m LIBOR	5.577	5.593	-0.001	4.616
6m EIBOR	5.032	5.271	0.024	3.484
6m LIBOR	5.588	5.586	0.006	4.118
5Y AED swap	4.069	3.951	0.234	1.282
5Y USD Swap	3.753	3.478	0.240	1.696
10Y AED Swap	4.207	4.050	0.199	1.251
10Y USD Swap	3.705	3.417	0.200	1.454

CURRENCIES



- EURUSD was up 0.1% on Friday morning. Escalation of events in the Red Sea prompting the rerouting of shipping routes, has led to an increase in container rates by up to 300% from Asia to Europe. Europe is the most exposed amongst the advanced economies and such pricing pressures will be sure to keep the ECB on edge regarding its 2% inflation target. December meeting minutes released on Thursday indicate there is minimal support within the ECB for rate cuts before June and ECB President Lagarde is expected to reinforce this message at the ECB's policy meeting next week.
- Best performing G10 currency for the week is CAD which fell by 0.43% against the greenback. Worst performing is JPY which was down 2.14% against USD. All eyes are on the BOJ to see if they will indicate any rate increases in the coming months, at the monetary policy meeting tomorrow.

Currencies	Last Price	29.12.23	% 1w	% 3m
EURUSD	1.0901	1.1039	-0.45	2.90
GBPUSD	1.2716	1.2731	-0.09	4.54
AUDUSD	0.6590	0.6812	-1.05	4.37
USDSGD	1.3411	0.6812	-1.05	4.37
USDCHF	0.8685	0.8414	1.48	-2.65
USDJPY	148.08	141.04	1.61	-1.19
USDCAD	1.3439	1.3243	0.08	-2.01
USDINR	83.07	83.21	0.22	-0.06
USDTRY	30.2178	29.5280	0.45	7.98
DXI Index	103.19	101.33	0.77	-2.80

Key Economic Events For The Week Ahead

- 22.01.24** Jan Chinese Loan Prime Rate; Dec U.S. Leading Index;
- 23.01.24** Jan Japanese BOJ Policy Balance Rate & Meeting; Jan Turkish & Eurozone Consumer Confidence; Dec Canadian New Housing Price Index; Dec Australian NAB Business Confidence & Conditions; Dec U.K. Public Sector Net Borrowing; Jan U.S. Richmond Fed Manufacturing;
- 24.01.24** Dec Japanese Trade Balance; Dec Japanese Exports; Jan Japanese Jibun Bank Japan Composite & Services PMI; Dec Russian PPI; Eurozone & French, German HCOB Composite & Services, Manufacturing PMI; Dec Australian Westpac Leading Index; Jan Canadian Bank of Canada Rate Decision; U.K & U.S. S&P Global UK & US HCOB Composite & Services, Manufacturing PMI; Jan U.S. MBA Mortgage Applications;
- 25.01.24** Dec Japanese Machine Tool Orders; Jan Japanese Foreign Bond Investment; Jan Turkish Business Confidence; Jan Turkish Capacity Utilization; Jan Turkish Overnight Leading & borrowing Rate; Jan Eurozone Deposit Facility Rate; Jan French Manufacturing Confidence; Jan German IFO Business Climate, Current Assessment & Expectations; Jan U.K. Consumer Confidence; Weekly U.S. Initial Jobless Claims; Jan U.S. Continuing Claims; Dec U.S. New Home Sales; Dec U.S. Wholesale Inventories;
- 26.01.24** Jan Tokyo Inflation; Dec Japanese PPI; Jan Indian Bank Loan Growth; Jan Indian Deposit Growth; Jan Indian Foreign Exchange Reserves; Feb German GFK Consumer Confidence; Jan French & U.K. Consumer Confidence; Dec U.S. Personal Income & Spending; Dec U.S. Pending Home Sales;

This Newsletter whether circulated by E-mail (containing or not attachments) or through any other medium is a general communication being provided by Bank of Sharjah PJSC (hereby "BOS") strictly and only for information purposes and must be considered as a general market/economic commentary. The content of the distributed Newsletter is exclusively educational in nature and is absolutely not designed to recommend or to subscribe to advisory service nor to any financial or investment products, strategy, plan feature or any other purpose. In preparing this general communication the content creator(s) has relied upon and assumed, without independent verification, the accuracy and completeness of all information available from public sources. The views, opinions, estimates and strategies, as the case may be, ("views") expressed are made in good faith and on sources believed reliable but no representations and/or warranties, express or implied is made to the accuracy, completeness or correctness of any information contained in this E-mail or in any attachments. This communication in no way represents the views of BOS and should be treated as only. These views are often based on current market conditions and are subject to change without notice. Any examples and illustrations are generic, hypothetical and for illustration purposes only. Prior to making any financial or investment decision based on this Newsletter, the prospect client and/or the Client should use good judgment and seek individualized and independent advice from financial, investment, legal and other professional advisors that take in account all of the particular facts and circumstances of the client's own situation. Neither BOS or any of its directors, employees, representatives, related persons and/or organisations shall be held liable in any way whatsoever, for any issue such as but not limited to, any omission, errors, etc. that may arise from the information contained in this Newsletter, this E-mail or its attachments.