



# Bridge Markets

04<sup>Aug</sup> 2024

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# FOREX MARKET

## EUR/USD Caught in the Crossfire: Short-Term Rates and Economic Uncertainty

EUR/USD could be performing better now that short-dated US rates are rising, but short-dated EUR interest rates are also soft as the market anticipates the European Central Bank will cut rates more than twice later this year. This expectation seems overly aggressive, suggesting that two-year EUR swap differentials may narrow further, providing some support for EUR/USD. However, the European manufacturing sector is struggling, and a recent decline in China's manufacturing PMI adds to the uncertainty. As a result, the euro is not seen as a strong option for expressing a bearish dollar view, leading to an expected trading range for EUR/USD between 1.0800 and 1.0850 for now, with its outlook hinging on weaker-than-expected US economic data.

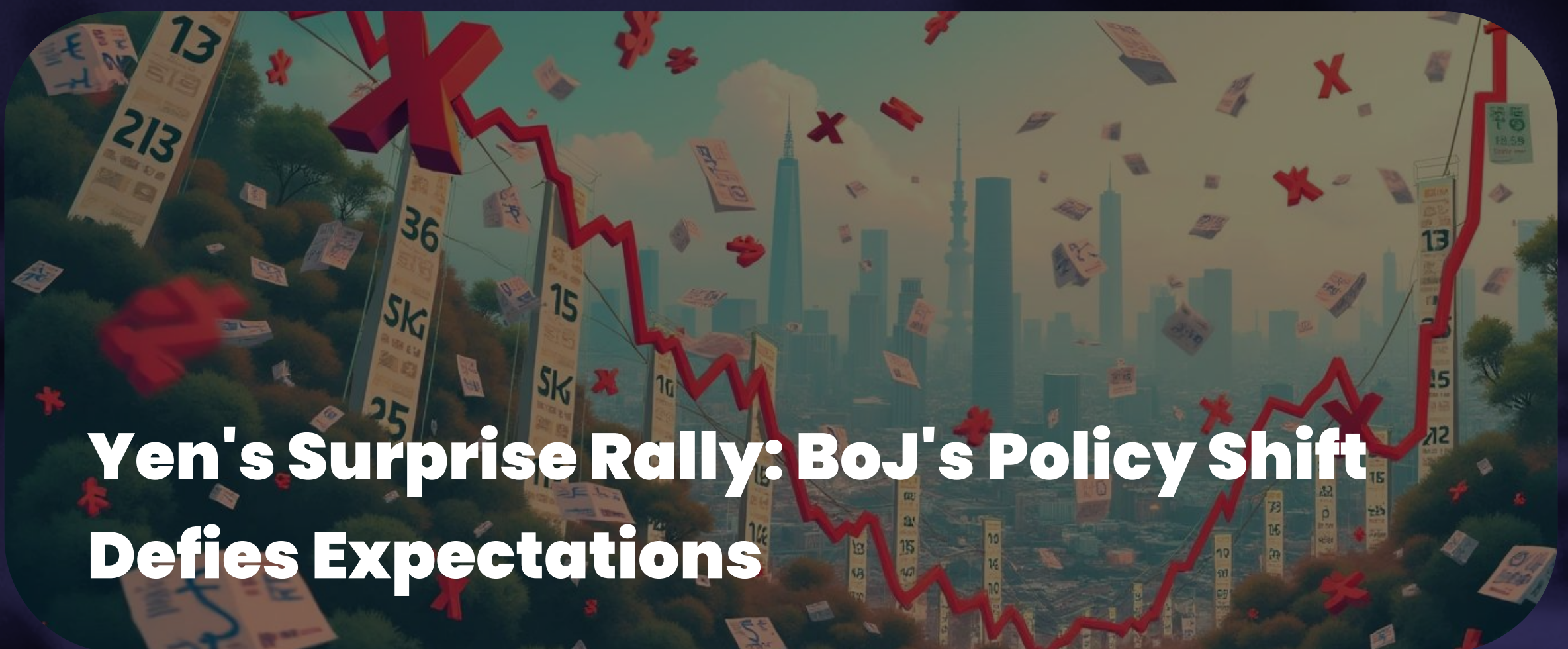
## Fed Chair Signals Potential Rate Cuts Amid Economic Stability

Federal Reserve Chair Jerome Powell indicated that the central bank might cut interest rates in September if inflation trends positively and labor market conditions remain stable. The Federal Open Market Committee (FOMC) recently maintained the federal funds rate at 5.25% to 5.5%, a level held since July 2023. Powell's comments suggest a shift in focus from solely tackling inflation to considering labor market health, noting that a rate cut could be appropriate if economic conditions align with their dual mandate of price stability and maximum employment. Former New York Fed President William Dudley agrees that a September rate cut seems likely unless there's a major shift in the economic outlook. Powell's remarks have led to positive market reactions, including lower Treasury yields and expectations of a quarter-point cut in September. While a cut appears probable, Powell cautioned that various scenarios are possible for the remainder of the year, with adjustments depending on economic developments.



## **Pound Caught in the Crossfire: BoE Rate Cut and Economic Uncertainties**

Sterling experienced a mixed condition, initially declining ahead of the Bank of England (BoE) meeting but later stabilizing and rallying on the 5-4 vote to cut rates, as Governor Andrew Bailey offered little guidance on future cuts. However, as the day progressed, investors began to view this as the start of an easing cycle, causing a significant drop in the short end of the UK yield curve, with EUR/GBP closing near the day's highs. Looking ahead, we anticipate that the UK policy rate may be cut more than in the eurozone, leading to a gradual increase in EUR/GBP. While some see a risk premium being priced out of the pound as the new Labour government seeks to improve relations with Europe, we believe sterling is not fundamentally undervalued and will likely respond to softer inflation or employment data before the next BoE meeting on September 19.



## **Yen's Surprise Rally: BoJ's Policy Shift Defies Expectations**

The Japanese yen has taken center stage following the Bank of Japan's (BoJ) policy decision to raise the target rate to 0.25% and halve its bond purchases, defying the usual trend of disappointing market expectations that typically leads to yen weakness. As a result, the yen has maintained its gains from, trading in the low 150s against the dollar. Moving forward, two key questions arise: when the next rate hike will occur, which we expect to happen later this year based on Governor Ueda's comments, and how this will impact the yen and the BoJ's response. While there's broad consensus that the yen will appreciate as the BoJ continues its policy adjustments, a sharp increase from current levels would challenge recent warnings against speculative moves in the currency market.

# Commodities

## Copper's Conundrum: China's Economic Drag

Copper prices have recently dropped to a three-month low due to ongoing concerns about China's economic situation, especially its struggling property sector, which continues to impact demand for industrial metals. The recent conclusion of China's Third Plenary Session failed to deliver the expected short-term stimulus, disappointing metal markets. Despite government efforts to promote home rentals and purchases, along with increasing affordable housing construction, no significant new initiatives were announced, indicating a slow recovery for the property and construction sectors. The LME Index, which tracks six base metals including copper, fell 5.6% last week, reflecting worries about weak consumption in China and rising global inventories. Analysts suggest that stabilizing property prices is just the first step towards recovery, as high unsold housing inventory and sluggish sales are likely to deter new investments and construction activities, keeping growth subdued. As long as these inventory challenges persist, the outlook for industrial metals, particularly copper, remains cautious, with weak demand and increased supply posing significant downside risks in the near term.

## Gold Rush: Wealthy Seek Refuge Amidst Debt Fears

Concerns about rising US government debt have led wealthy families and individuals to significantly increase their gold purchases, driving prices to record highs. The World Gold Council reported that over-the-counter (OTC) purchases soared to 329 tonnes in Q2 2024, nearly five times the previous quarter, contributing to a total demand of 1,258 tonnes for the period—up 4% year-on-year and the highest for that quarter since 2000. Gold reached a peak price of \$2,483.60 per troy ounce, largely due to speculation about interest rate cuts and uncertainty around the upcoming US presidential election, although it currently trades around \$2,380. Major buyers include wealthy family offices in the US and international investors from regions like Singapore, Hong Kong, and Turkey, the latter prompted by a severe devaluation of the lira. While central bank purchases of gold have been robust, totaling a record 483 tonnes in the first half of the year, a 39% decline in buying from Q1 to Q2 may limit total annual purchases below 1,000 tonnes, a threshold surpassed in recent years.



## **OPEC's Crossroads: A Climate Challenge**

OPEC is confronting its most significant challenge to date: the urgent need to decrease global oil consumption to help limit climate change, with a consensus that oil use must decline by up to 80% by mid-century to meet the Paris Agreement's goals. This transition poses serious implications for oil-producing nations, necessitating OPEC's leadership in guiding its members toward economic diversification, as exemplified by Saudi Arabia and the UAE. While OPEC historically focused on economic cooperation and controlling oil resources, its current resistance to phasing out fossil fuels and projections of increased oil demand contradict global climate commitments. This tension particularly affects members reliant on oil revenues, like Nigeria, Venezuela, and Algeria, highlighting the need for OPEC to facilitate economic diversification and cleaner energy development. Although some member countries are pursuing environmental initiatives, a collective approach is essential for OPEC to effectively support its members through the energy transition and play a constructive role in moving away from fossil fuel dependence.

## **CRYPTO MARKET**



### **Bitcoin's Dominance: A Catalyst for Altcoin Recovery?**

In its 15 years, Bitcoin has experienced three significant market cycles (2011-2013, 2015-2017, and 2019-2021), where altcoins often outperformed Bitcoin after an initial phase of similar returns. Currently, altcoins are lagging, indicating potential for a rebound in the latter half of this cycle. Market trends are closely tied to global liquidity; the recent Q2 2024 selloff stemmed from tightened liquidity, but expectations of a Federal Reserve rate cut due to slowing inflation could boost the market. The upcoming U.S. election and endorsements from figures like Trump may also influence crypto policy. While Bitcoin and Ethereum have gained mainstream traction through ETFs, the increasing competition among diverse altcoins poses challenges, and only projects that attract users and developers are likely to thrive. Historically, Bitcoin's dominance has led market rallies, and its recent increase in dominance suggests it may have room to grow before altcoins catch up.



## **Crypto Crash: Bitcoin's Rollercoaster Ride**

The price of Bitcoin has recently dropped significantly, falling to around \$60,000 after reaching \$70,000 the previous week, leading to a combined loss of \$300 billion across the crypto market, affecting major cryptocurrencies like Ethereum, Solana, and XRP. This downturn follows Elon Musk's earlier remarks that had fueled a price surge, and traders are also anticipating a potentially impactful announcement from Donald Trump regarding Bitcoin. Amid this volatility, the FBI has issued a warning about scammers impersonating cryptocurrency exchange employees to steal funds, advising users to be cautious with communications about account issues and to verify concerns through official channels. The crypto market continues to attract scammers and hackers, especially during price fluctuations, with a report indicating that nearly \$1.4 billion in crypto was stolen in the first half of 2024, a significant increase from \$657 million in the same period last year. Despite this rise in thefts, there have been no fundamental improvements in the security of the cryptocurrency ecosystem.



## **Digital Assets: A New Era of Financial Acceptance**

Skepticism about the longevity of digital assets, especially cryptocurrencies, has faded as the ecosystem matures and gains acceptance. A recent EY-Parthenon survey reveals that 94% of institutional investors and 83% of retail investors now believe in the long-term potential of digital assets. This growth is supported by increased registered assets, legislation, and interest in tokenized assets worldwide. Traditional financial firms have opportunities to generate revenue by offering new services to clients, while crypto-native and FinTech companies can enhance their institutional capabilities. Notably, 54% of institutional and 64% of retail investors plan to increase their digital asset allocations. On the retail side, 72% see digital assets as central to their wealth strategies, with many seeking financial advice on their crypto holdings. Regulatory clarity is expected to further expand opportunities for both investor groups, fostering innovation and new services from established financial institutions to meet rising demand for digital assets.



## **Trump's Vision for U.S. Bitcoin Dominance Energizes Crypto Community**

Former President Donald Trump has pledged to make the U.S. the "bitcoin superpower of the world" if he wins the upcoming presidential election, a statement that has energized the cryptocurrency community. Speaking at a bitcoin conference in Nashville, he promised to ease regulatory scrutiny, a stark contrast to his past comments labeling bitcoin a "scam." This shift has contributed to Bitcoin's recent price surge, reaching nearly \$70,000. Trump's pro-crypto stance has garnered support from industry figures, including the Winklevoss twins and Marc Andreessen, and his campaign has raised over \$25 million in crypto donations. He also vowed to create a "strategic national bitcoin stockpile" and fire SEC Chair Gary Gensler. While many welcome his promises, some critics, like Ethereum co-founder Vitalik Buterin, view them as self-serving. The Democratic Party is responding to Trump's growing crypto support, though doubts remain about the feasibility of his commitments.



# Our platform

- **1. As a Strategist**

Share your market expertise by joining us as a Strategist. We're seeking professionals who can develop and implement high-performing trading strategies. As a Strategist, you'll collaborate with our team to optimize trading performance and contribute to client success. If you're passionate about finance and strategy, we want you on our team!



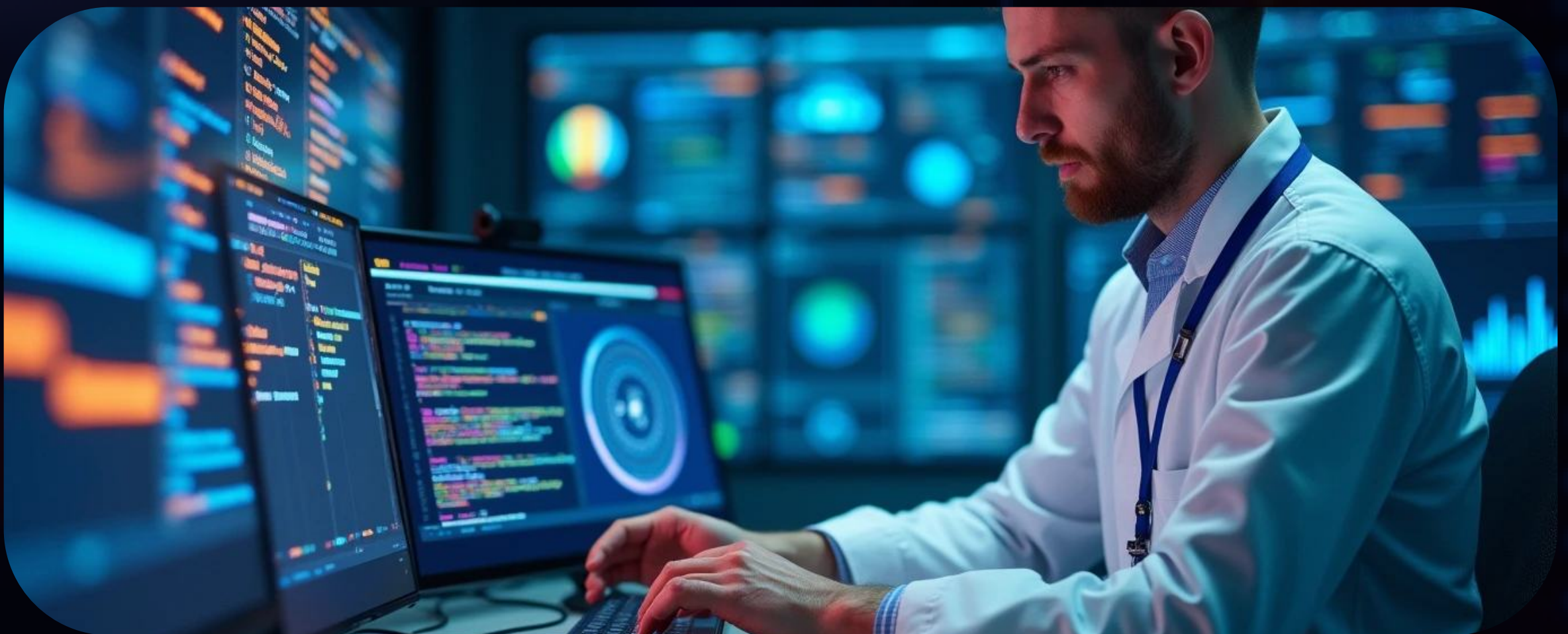
- **2. Investors Plan**

Achieve your financial goals with our Investors Plan. Tailored to your risk tolerance and objectives, this plan provides you with expert guidance and diversified investment opportunities. Whether you're a seasoned investor or just starting out, our Investors Plan helps you grow your wealth securely and strategically. Start planning your financial future today!



- **3. As an AI/Software Expert**

Are you a tech-savvy professional with expertise in AI and software development? Join us as an AI/Software Expert, where you'll work on groundbreaking projects that blend finance and technology. Bring your skills to the forefront, contribute to innovative solutions, and help revolutionize the trading industry. Apply now and be part of the future of finance!



- **4. As a Manager**

Take the lead and drive success by joining our team as a Manager. We're looking for experienced professionals to oversee operations, guide teams, and execute high-impact strategies. As a Manager, you'll be instrumental in shaping our growth and ensuring smooth performance across projects. Ready to take on a leadership role? Apply now and make a difference!



- **5. As a Signal Provider**

Turn your trading expertise into profit by becoming a Signal Provider with us. Share your trading signals with a broad audience, gain visibility, and earn competitive rewards. Whether you focus on forex, stocks, or crypto, our platform offers the perfect environment to showcase your skills. Join our Signal Provider program today and start making an impact!



- **6. Platform Joint Venture**

Take your business to the next level by partnering with us through a Platform Joint Venture. Whether you're developing financial technology or a new market solution, our platform provides the resources and network needed for growth. Together, we'll create innovative products and expand your reach in the financial world. Let's collaborate on a joint venture today!



- **7. Co-Founding Programs**

Shape the future of finance by joining our Co-Founding Programs. We're looking for visionary partners who are ready to bring innovative ideas to life. As a co-founder, you'll collaborate closely with us, sharing in both the challenges and rewards of building something great. Whether you have a groundbreaking concept or are looking for a strategic partner, our Co-Founding Programs offer the support and resources you need to succeed. Let's create something extraordinary together!



- **8. Organizational Deals**

Leverage exclusive opportunities with our Organizational Deals, designed for institutions and large businesses. We offer tailored financial solutions, including investment packages and trading strategies that cater specifically to your organizational needs. Partner with us to boost your company's financial performance and reach new heights. Explore our Organizational Deals today!



**Fuel your passion, ignite your purpose—join us now!**

# Trusted Platform



MetaTrader 5

- **1. MetaTrader**

MetaTrader, developed by MetaQuotes, is a leading trading platform offering real-time access to Forex, commodities, and other markets. Known for its user-friendly interface and robust tools, it supports both manual and automated trading through Expert Advisors, catering to traders of all experience levels.

## TradingView

- **2. TradingView**

TradingView is a powerful charting platform and social network for traders, providing real-time data, advanced charting tools, and a collaborative environment. Its intuitive interface and ability to integrate with brokers make it a favorite among both retail and professional traders.



**cTRADER**  
TRADERS FIRST

- **3. cTrader**

cTrader is a professional trading platform known for its fast execution speeds and advanced charting tools. Designed for both novice and experienced traders, it supports automated trading through cAlgo and offers transparency with Level II pricing and market depth views



- **4. Axi Financial Services**

Axi, formerly AxiTrader, is a global Forex and CFD broker offering competitive spreads and fast execution. With access to over 140 trading instruments and a focus on customer support and education, Axi caters to traders of all levels through its reliable MetaTrader 4 platform.



- **5. Pepperstone**

Pepperstone is a leading online broker known for its low-cost trading, fast execution, and access to a wide range of markets, including Forex, indices, and commodities. Supporting MetaTrader and cTrader, Pepperstone offers a robust trading experience for both retail and institutional clients.



- **6. Robinhood Broker**

Robinhood is a commission-free trading platform that democratizes finance, making investing accessible to everyone. With a user-friendly app, Robinhood offers trading in stocks, ETFs, options, and cryptocurrencies, attracting millions of users with its no-fee structure.

# MultiBank Group

EST. 2005

- **7. MultiBank Group**

MultiBank Group is a major financial derivatives provider offering trading in Forex, metals, shares, and cryptocurrencies. Known for its competitive pricing and regulatory oversight, MultiBank provides a secure trading environment with advanced platforms like MetaTrader 4 and 5.

# IG

- **8. IG Broker**

IG is a global leader in online trading, offering access to over 17,000 markets, including Forex, indices, and commodities. With innovative trading platforms, comprehensive educational resources, and strong regulatory backing, IG caters to both retail and institutional traders.

# FOREX.com

- **9. Forex.com Broker**

Forex.com, part of GAIN Capital, is a top Forex and CFD broker providing access to a wide range of markets with competitive spreads. It offers advanced trading platforms like WebTrader and MetaTrader, supported by comprehensive educational tools and dedicated customer service.



- **10. FXCM Broker**

FXCM is a trusted online Forex and CFD trading platform known for its transparency and innovation. Offering multiple platforms like Trading Station and MetaTrader, FXCM provides access to various markets, fast execution, and extensive educational resources for traders.



- **11. XM Global**

XM Global is a reputable Forex and CFD broker offering access to a broad range of trading instruments. Known for competitive spreads and a no-requote policy, XM supports MetaTrader 4 and 5 platforms and provides extensive educational resources and customer support.



- **12. FP Markets Broker**

FP Markets is an established Forex and CFD broker providing access to over 10,000 instruments. With competitive pricing, fast execution, and support for MetaTrader 4, 5, and IRESS platforms, FP Markets caters to both retail and institutional traders worldwide.





# Bridge Market

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