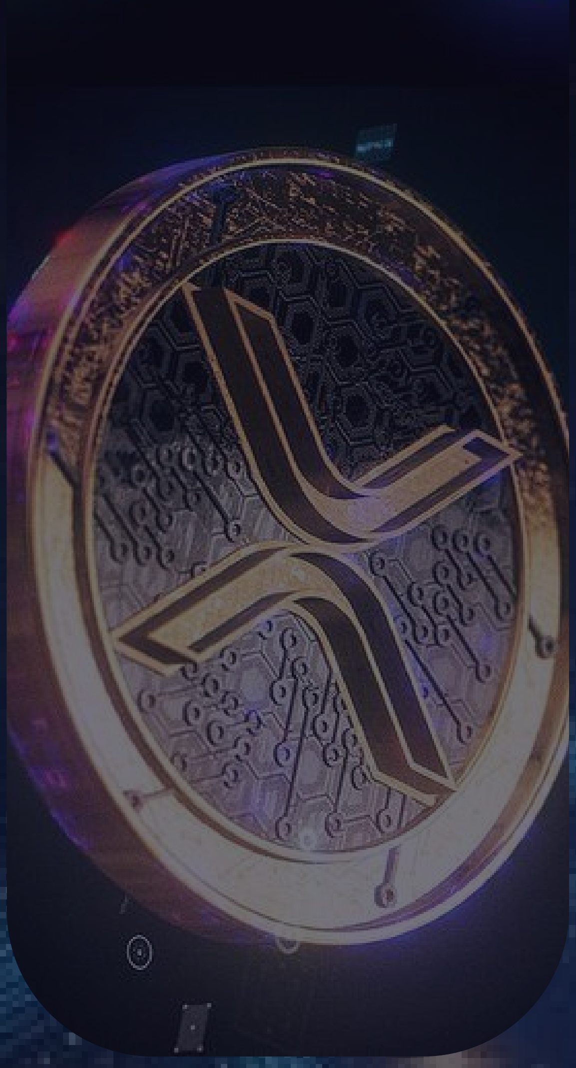

Bridge Markets

28 Jul 2024

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FOREX MARKET

Eurozone's Economic Outlook: A Cloudy Sky

Disappointing PMI readings have placed the euro under pressure, particularly as German data showed little room for optimism amid stagnant economic activity in the eurozone, indicated by a composite PMI drop to 50.1 in July. While French readings improved, this uptick is expected to be temporary, bolstered by the Olympics and reduced political uncertainty. Forward-looking indicators signal a likely disappointing growth outlook for the second half of the year, suggesting that the recent PMI print could be the last expansionary reading until 2025. In light of these conditions, the European Central Bank (ECB) is expected to cut rates in September and may need to consider further rate cuts throughout 2024. Although policy easing and better external economic conditions could eventually stimulate eurozone growth, the current situation indicates that the euro may be overvalued at its present levels.

Labour's Economic Inheritance: A Mixed Bag

In its early weeks, the new Labour government is highlighting the tough economic situation inherited from the previous Tory administration, with Chancellor Rachel Reeves describing it as the worst since 1945. However, the UK economy has shown signs of recovery, growing by approximately 1.1% in the first half of 2024, largely driven by the services sector and increased household borrowing. Annual inflation has returned to the Bank of England's target of 2%, with potential interest rate cuts anticipated later in the year. The British pound has regained its pre-Brexit value, and the FTSE 100 has risen by 5.8% this year, challenging Labour's narrative of inheriting a dire economic scenario. While Labour is focusing on policies to sustain growth, such as increasing housing and infrastructure development, immediate impacts may be limited due to high employment rates and a reluctance to increase migration. The government faces risks from persistent inflation and a softening labor market, which could hinder growth. Ultimately, while the economic outlook may not be as bleak as initially claimed, Labour must navigate these challenges effectively to achieve its growth targets and improve public services.

S Economy Slows: Recession Risk Persists Amidst Uncertain Outlook

The U.S. economy is experiencing a slowdown after a strong 2023, with hiring rates declining, consumer spending down, and the housing market stalling due to high interest rates. While sectors like semiconductors and electric vehicles are performing well, manufacturing overall is struggling, and inflation remains a concern despite easing. Economists now estimate a 30% chance of a recession in the next year, a decrease from 60% last year, with projected growth of 2% in the second quarter. Consumer behavior is becoming more cautious, particularly regarding big-ticket items, and the housing market is hindered by soaring mortgage rates. The Federal Reserve is optimistic about reducing inflation, with anticipated interest rate cuts later this year, but rising consumer debt and delinquencies pose potential risks. Overall, the current economic climate resembles the mid-1990s, raising questions about whether this slowdown will be temporary or signal deeper issues.

Japan's Economic Tug-of-War: Services Surge, Manufacturing Struggles

In July, Japan's economic indicators presented a mixed picture, with notable contrasts between sectors. The au Jibun Bank purchasing managers' index (PMI) for the service sector rose sharply to 53.9, signaling a rebound in domestic demand, while the manufacturing PMI fell to 49.2, indicating a contraction in factory activity. Despite the decline in manufacturing, the composite PMI improved to 52.6, highlighting the uneven economic performance as Japan struggles with weak growth and recent contractions, including a significant 2.9% drop in the first quarter of the year. The increase in service sector activity may provide a boost to economic outlooks, especially amid concerns about inflation's impact on households and businesses. The Bank of Japan is set to discuss monetary policy, with around 30% of observers expecting an interest rate hike, reflecting the challenges in balancing growth and inflation, particularly as manufacturing continues to experience a prolonged decline in new work.

Commodities

Copper Prices Plunge Amid China's Property Crisis

Copper prices have hit a new three-month low due to ongoing concerns over China’s prolonged property slump, which continues to dampen demand for industrial metals. Following the recent Third Plenary Session of the Communist Party, expectations for immediate stimulus were unmet, leading to disappointment in metal markets. The government's plans to promote housing balance may not suffice to spur a quick recovery, especially with high unsold inventory and slow sales. China's commercial housing metrics have dropped about 20% year-over-year, negatively impacting demand for copper and aluminum. Additionally, refined copper exports surged in June, signaling weak domestic demand, while global copper inventories have increased significantly.

Despite these challenges, China is prioritizing green development and aims for carbon neutrality by 2060, which could boost long-term demand for metals critical to electric vehicles and renewable energy. However, the short-term outlook remains uncertain, with potential volatility in prices linked to changes in Chinese economic policies and ongoing struggles in the property sector.

Gold Soars Amid Geopolitical Tensions and Economic Uncertainties

Gold prices have surged past $2,700, driven by escalating geopolitical tensions and interest rate cuts from major central banks. Investors are increasingly turning to gold as a safe haven asset amid rising conflicts, particularly between Israel and Hamas, which has overshadowed strong U.S. economic data that would typically pressure gold prices by supporting the dollar. Although the DXY index has stabilized around 103, the ongoing fears of conflict escalation have maintained gold's resilience. In addition to geopolitical factors, global economic uncertainties, including the European Central Bank's recent rate cuts and China's stimulus measures, are fueling demand for gold. Central banks have increased their gold purchases by 6% this year, while the growing artificial intelligence sector has contributed to an 11% annual rise in gold usage in technology. Gold reached a record high of $2,714, reflecting its appeal amid the prevailing uncertainties.

Oil Prices Rebound on Inventory Drawdown

Oil prices experienced a rebound following encouraging inventory data from the U.S. The EIA reported a significant drop in commercial crude oil inventories, falling by 3.74 million barrels, bringing the total to 436.49 million barrels—the lowest level since February. Although crude oil imports decreased by 166,000 barrels per day (b/d) week-over-week, exports rose by 222,000 b/d. Refinery runs, however, declined further, dropping 2.1 percentage points to 91.6%, which resulted in a reduction of crude inputs into refiners by 521,000 b/d and a decrease in product inventories, with gasoline and distillate stocks falling by 5.57 million barrels and 2.75 million barrels, respectively. Implied gasoline demand also rose by 673,000 b/d week-over-week, providing additional support for prices.

CRYPTO MARKET

Navigating Crypto Chaos: A Systematic Approach

The cryptocurrency markets are notably inefficient, primarily due to low liquidity, regulatory uncertainty, market fragmentation, and speculative behavior, according to Gregory Mall from AMINA Bank. These factors lead to significant price volatility and manipulation, exacerbated by mental biases among investors, such as overconfidence, herding behavior, anchoring, and loss aversion. To address these challenges, Mall advocates for using a systematic momentum index, which employs technical analysis to exploit market inefficiencies by focusing on price trends and momentum. This approach promotes consistent investment decisions, enhances risk management, and potentially yields superior returns compared to passive strategies, enabling investors to navigate the volatile crypto landscape more effectively.

Ethereum ETF Approval: A Game-Changer or a Red Herring?

The SEC's recent approval of an Ethereum ETF has surprised many, especially within the Bitcoin community, which expected these applications to be rejected. This approval raises important questions about whether Bitcoin and Ethereum are complements or substitutes in the investment landscape. Some believe that Ethereum's legitimacy might attract investment away from traditional assets and into Bitcoin, while others view them as substitutes with a fixed investor interest in cryptocurrencies. Critics argue that Ethereum's centralization undermines its status as a reliable investment, pointing to issues like centralized governance and the significant influence of its founder. This situation highlights the limitations of traditional gatekeeping by regulators and financial institutions, whose decisions may be flawed due to political pressures and bounded rationality. Ultimately, the episode serves as a cautionary tale about the risks of relying on regulatory approvals, suggesting that true value and viability in the cryptocurrency market should be determined through open competition rather than gatekeeping.

Japan's Corporate-Driven Web3 Landscape

Japan has implemented strict cryptocurrency regulations since the Mt. Gox collapse in 2014, significantly shaping its Web3 landscape and leading to a corporate-focused approach to innovation. Major companies, such as SBI Group and Sony, have made strategic investments and acquisitions in the crypto space, highlighting a trend of corporate engagement over grassroots innovation. This shift is further supported by Japan's national Web3 strategy, launched in late 2022, which aims to enhance the sector through tax reforms and regulatory updates. However, the stringent regulations pose challenges for smaller operators, often making mergers and acquisitions a more viable route for market entry. This strategy not only eases compliance but also improves the industry's reputation and expansion potential, offering insights for other regions facing similar regulatory challenges.

The New Space Race: A Digital Battle for Supremacy

The Cold War's Space Race marked a significant technological rivalry between the U.S. and the Soviet Union, culminating in the historic moon landing in 1969, which reinforced American supremacy. Today, a new race is emerging, focused on blockchain technology and digital assets, with former President Donald Trump emphasizing the need for the U.S. to secure dominance in the digital asset economy, particularly in bitcoin, to mitigate geopolitical risks posed by China and Russia. Strategic reserve assets, traditionally like gold and oil, enhance a nation's defenses and economic stability; China and Russia have increased their gold reserves to reduce reliance on the U.S. dollar and challenge U.S. financial influence. Bitcoin, often termed "digital gold," offers unique advantages over physical gold, such as ease of transport and verification, and if the U.S. designates bitcoin as a strategic reserve asset, it could spark a global rush among nations to accumulate it, potentially diminishing the current trend toward gold accumulation. Policymakers, including Trump and Representative Tom Emmer, advocate for recognizing bitcoin as a tool to project U.S. economic influence and counteract the strategic initiatives of rivals like China and Russia.

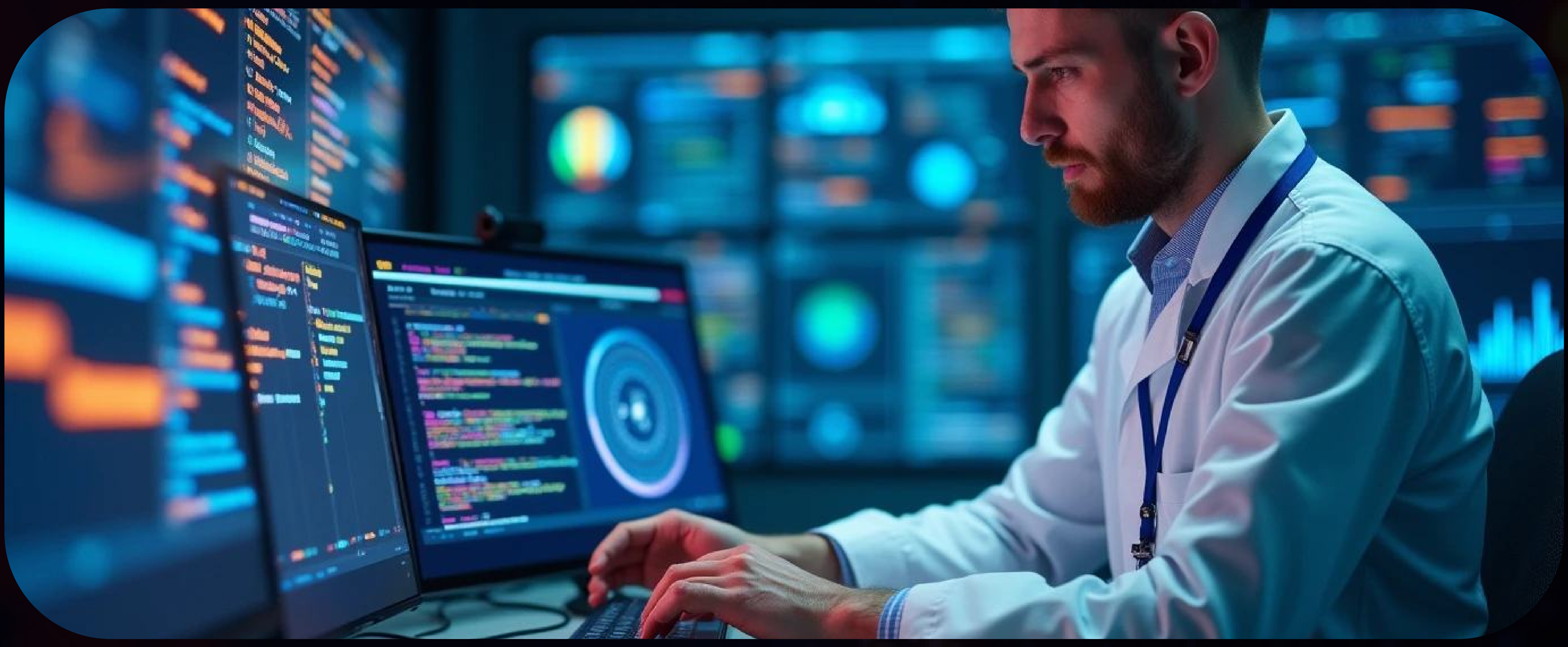
Our platform

- **1. 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!

- **2. 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!



- **3. 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!

- **4.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!

- **5. 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!

- **6. 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!

- **7. 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!

- **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

- **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.

- **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.

- **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.

- **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.

- **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.

- **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.

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