

# Weekly Islamic Market Update



## China's Stock Surge: A Boost for Global Markets?



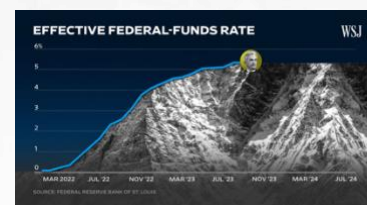
### Market Overview

China's stock market has experienced its biggest single-week jump since 2008, fueled by a series of stimulus measures announced by the government. These measures include interest rate cuts, support for companies to repurchase their shares, and one-time payments to needy individuals. The aim is to boost public confidence, increase consumer spending, and revive the economy. While the stimulus package is a step in the right direction, there are concerns about the long-term effects of relying heavily on state intervention. The government needs to address the underlying issues of low productivity and high savings rates to ensure sustainable economic growth. China's economy is now dependant on domestic demand. With the growing rifts between China and the US and to some extent Europe (EV subsidies, Taiwan tensions, South China Sea claims, support for Russia), it is hard to imagine that trade between these blocs will do anything else than fall. To summarize China's surge is unlikely to unlikely to significantly impact other markets

### Equities

- The S&P 500 and Dow Jones Industrial Average closed the week up 0.62% and 0.59% respectively

With the growing rifts between China and the US and to some extent Europe (EV subsidies, Taiwan tensions, South China Sea claims, support for Russia), it is hard to imagine that trade between these blocs will do anything else than fall.



- The Nasdaq 100 was also up 1.1% for the week.

The best-performing sectors were Technology, Consumer Discretionary, and Financials.

Energy stocks lagged due to falling oil prices.

### Fixed Income

- **U.S. Treasury yields** rose in an attempt to price in higher growth, as traders assess the nominations for the upcoming U.S. Presidential election and potential impacts on the markets.
- The yield on the 10-year U.S. Treasury dipped to a low of 3.62% before last Wednesday's rate cut and now stands at 3.77%. The positive growth outlook pushed yields up in anticipation of a stronger economy.

- The US trade deficit with China decreased by \$102.9 billion to \$279.4 billion in 2023.
- US exports to China decreased \$6.2 billion to \$147.8 billion.
- US imports from China decreased \$109.1 billion to \$427.2 billion.



Equities	Y-T-D	WEEK
S&P 500	20.30%	0.62%
NASDAQ 100	20.71%	0.95%
STOXX Europe 600	10.24%	2.69%
Nikkei 225	19.00%	5.52%
DJ China A 50	14.49%	16.28%
Bonds	Y-T-D	WEEK
US Treasuries	3.96%	-0.05%
GER GVT 10-Y	1.20%	0.58%
FRA GVT 10-Y	-0.10%	0.39%
JP GVT 10-Y	-0.35%	0.59%
Commodities	Y-T-D	WEEK
WTI	-4.84%	-3.97%
GOLD	28.78%	0.83%

GCC Markets	Y-T-D	WEEK
KSA TASI	2.57%	1.61%
UAE NDQ UAE 20	1.54%	0.23%
KUWAIT BKP	4.18%	-0.01%
QATAR QSI	-2.06%	1.37%
BAHRAIN BAX	2.15%	-0.68%
OMAN MSM30	4.16%	-0.49%

### Commodities

- **Oil prices** fell due to conflict and demand concerns. Despite China's stimulus, oil prices remained under pressure as OPEC+ prepares to increase production, potentially impacting the supply side.
- **Gold prices** rose to a new record high of \$2,660.

### GCC Markets:

- The KSA TASI and UAE NDQ UAE 20 were up 1.61% and 0.23%, respectively. However, HSBC Holdings Plc strategists are among those advising greater caution toward the region's equities. John Lomax and his team cut their overweight positions on Saudi Arabia and the United Arab Emirates to neutral.
- The KUWAIT BKP was down -0.01%.
- The QATAR QSI was up 1.37%.
- The BAHRAIN BAX was down -0.68%.
- The OMAN MSM30 was down -0.49%.

### Islamic Markets

- The S&P Global BMI Shariah was up 1.80% for the week.
- The DJ Islamic Market was up 1.61% for the week.
- The DJ Sukuk Total Return was up 0.15% for the week.

The overall news in Islamic markets were positive with record issuance of sukuks led by GCC Sovereigns. A Moody's report signaled a probability of stronger earnings from Islamic banks versus their conventional counterparts, due to a better resilience against falling interest rates.

Sharia Equities	Y-T-D	WEEK
S&P Global BMI Shariah	17.37%	1.80%
DJ Islamic Market MENA	3.30%	1.61%
Sukuks	Y-T-D	WEEK
DJ Sukuk Total Return	5.24%	0.15%
S&P Gbl. High Yield Sukuk	7.98%	0.47%
S&P MENA Sukuk	5.33%	0.17%
Real-Estate	Y-T-D	WEEK
S&P Gbl. Property Shariah	9.76%	0.16%

### **The Week Ahead**

- The Fed is expected to release its latest economic projections on Wednesday.
- The European Central Bank is expected to announce its latest monetary policy decision on Thursday.
- Several key economic data releases are expected next week, including the U.S. jobs report for September on Friday.