

MULTIPLY GROUP

INVESTORS' UPDATE

MAY 2024 | ISSUE 29

Contents:

- Our Updates
- Subsidiaries' News
- Market Monitor

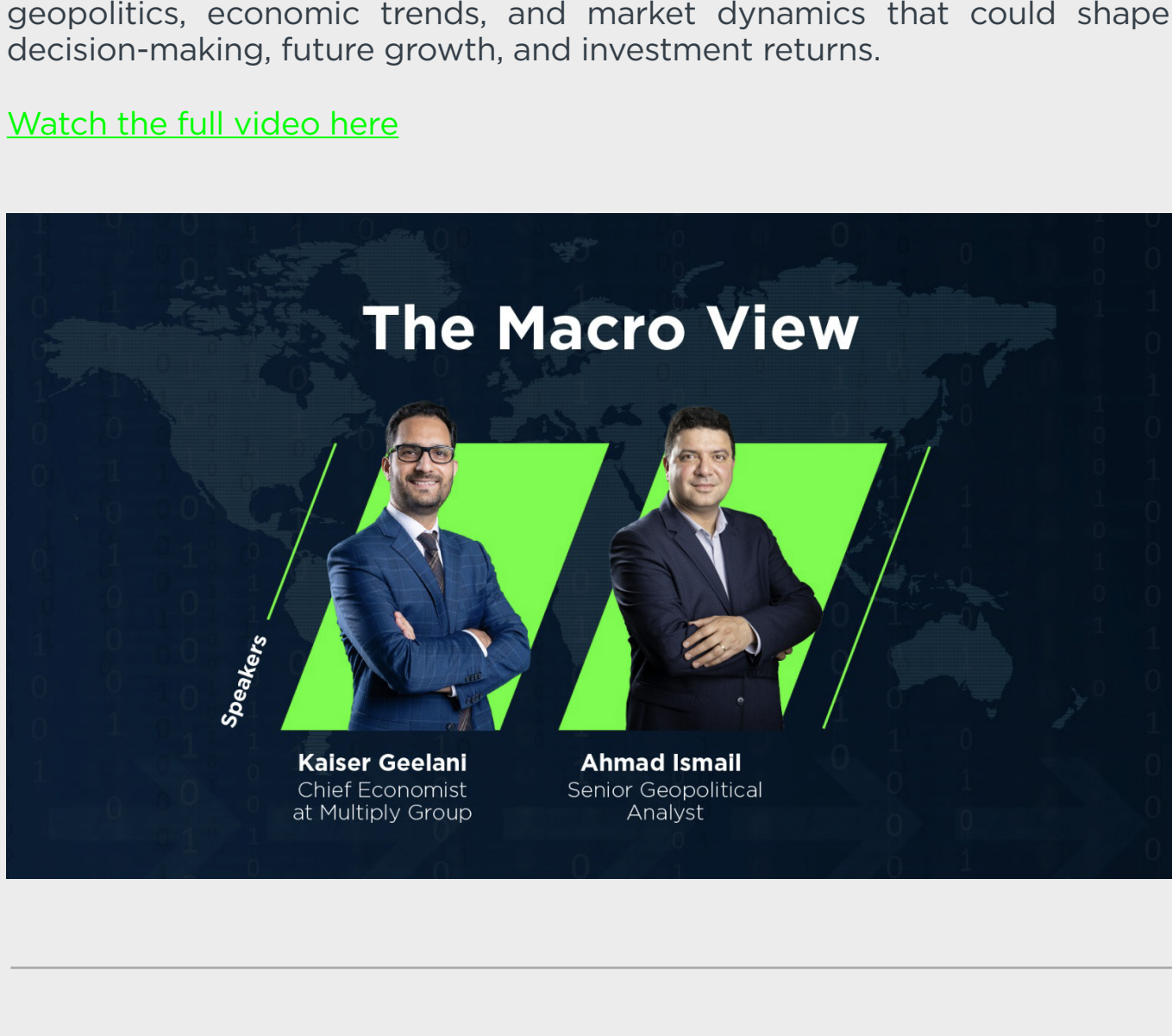
OUR UPDATES

CIO Insights on Investment Strategy

Multiply Group's Chief Investment Officer, José María Dot, talks through the Group's strategic investment activities and the significance that these have had across our growth-generating businesses.

At Multiply Group the investments are geared towards unlocking value, and the Group is constantly adding new services and uncovering opportunities that enable the company to elevate margins and shareholder returns.

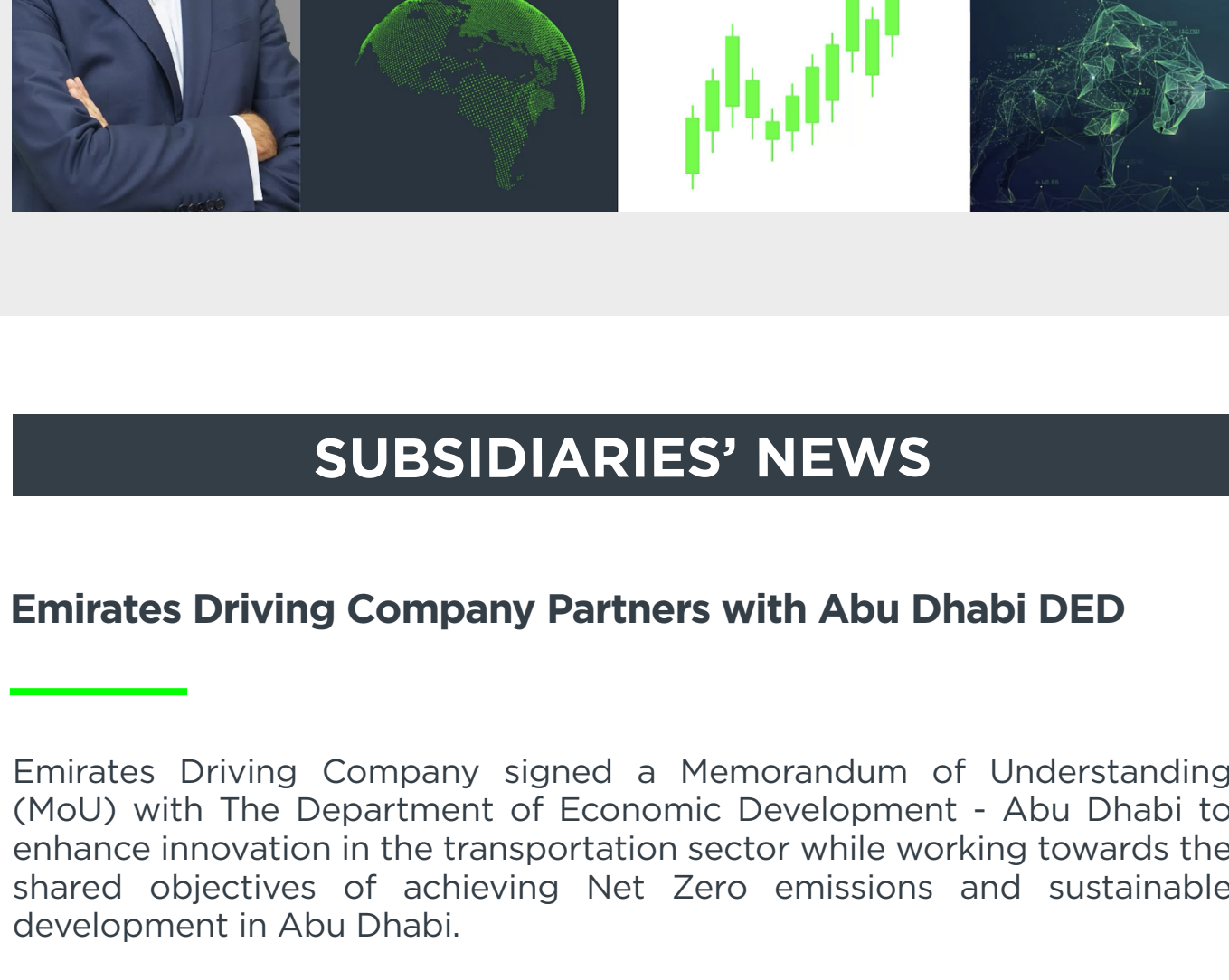
[Watch the full video here](#)



The Macro View

Highlights from Multiply Group's quarterly workshop, "The Macro View", where the team delved into the latest insights, and perspectives on global geopolitics, economic trends, and market dynamics that could shape decision-making, future growth, and investment returns.

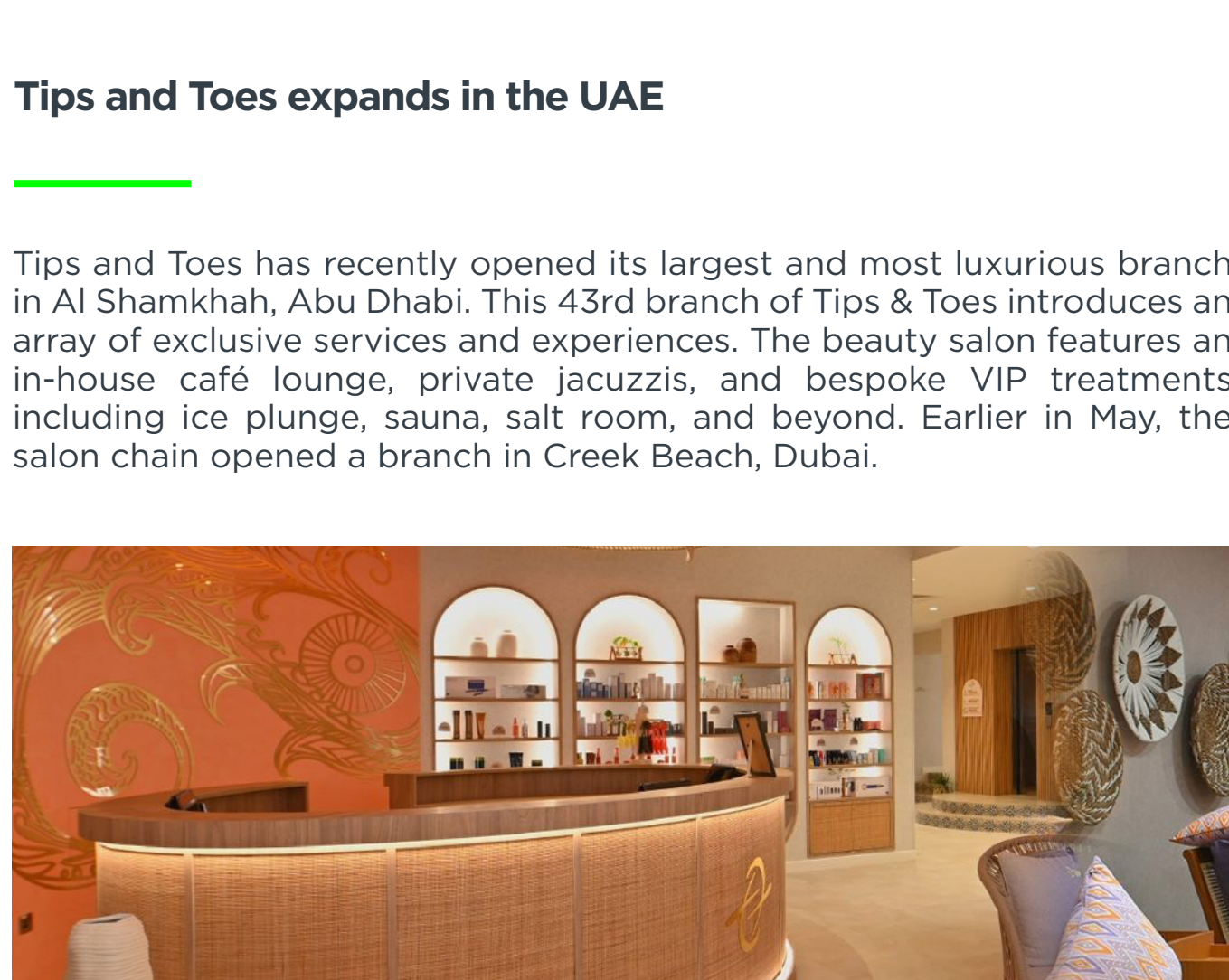
[Watch the full video here](#)



Insights on Global Investment Landscapes

In this episode of the Multipliers, we delved into the global investment landscapes with Jose Maria Dot, Chief Investment Officer at Multiply Group.

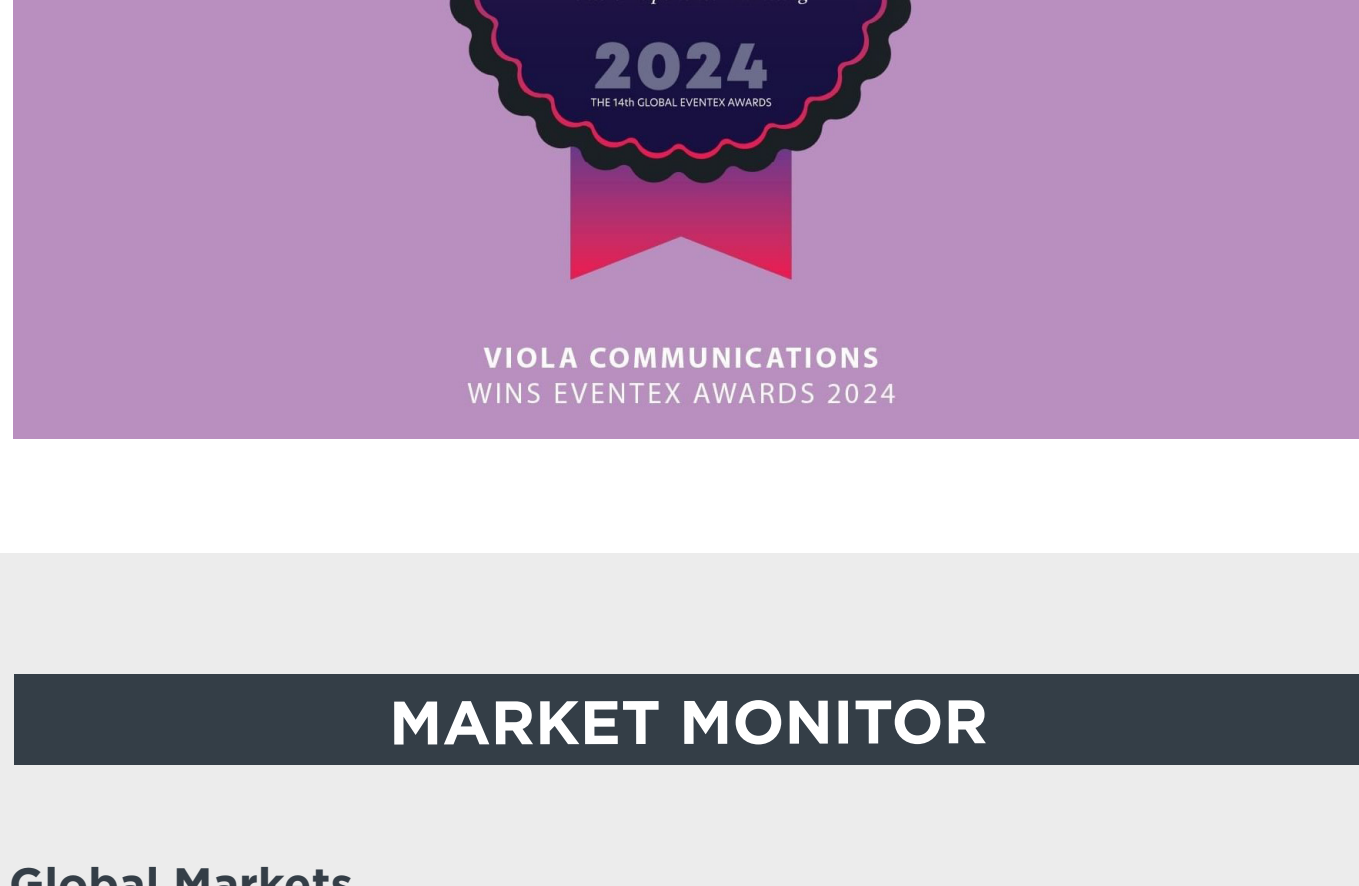
[Check out the full episode on Spotify, Apple Podcasts, Google Podcasts, and our YouTube channel.](#)



SUBSIDIARIES' NEWS

Emirates Driving Company Partners with Abu Dhabi DED

Emirates Driving Company signed a Memorandum of Understanding (MoU) with The Department of Economic Development - Abu Dhabi to enhance innovation in the transportation sector while working towards the shared objectives of achieving Net Zero emissions and sustainable development in Abu Dhabi.



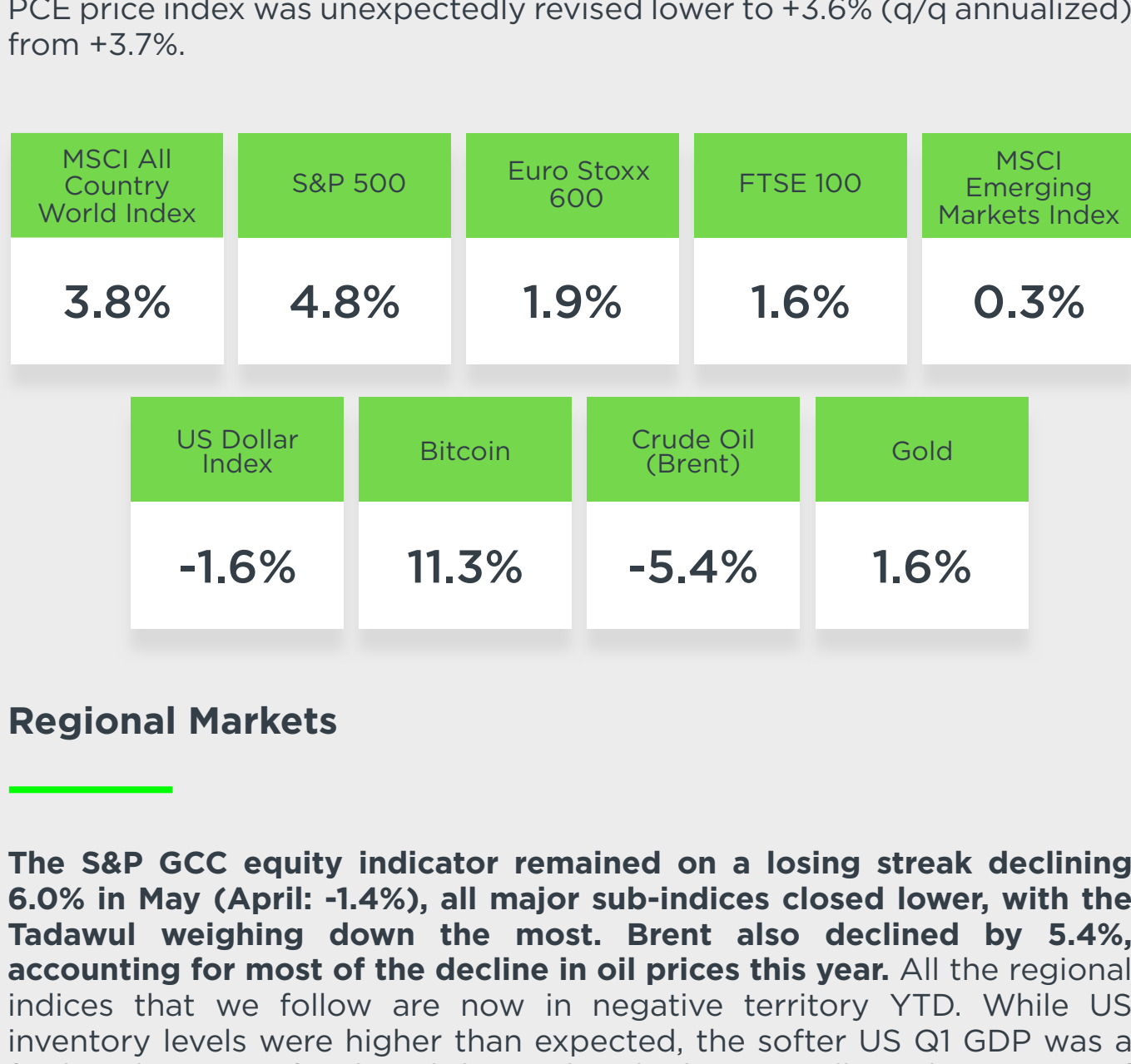
Tips and Toes expands in the UAE

Tips and Toes has recently opened its largest and most luxurious branch in Al Shamkhah, Abu Dhabi. This 43rd branch of Tips & Toes introduces an array of exclusive services and experiences. The beauty salon features an in-house café lounge, private jacuzzis, and bespoke VIP treatments including ice plunge, sauna, salt room, and beyond. Earlier in May, the salon chain opened a branch in Creek Beach, Dubai.



Viola Communications Wins Eventex Awards

Viola Communications won in four categories at the Eventex Awards 2024, receiving Silver for People's Choice Team, Bronze for People's Choice Agency, Bronze for Emirates News Agency (WAM) exhibition stand at the Global Media Congress in Abu Dhabi and Bronze for The Festival at Masdar City (COP28 Edition). The winners have been chosen among a record 1207 entries from 62 countries and 6 continents.



MARKET MONITOR

Global Markets

**The ACWI recovered from the April slump, rising 3.8% in May, so far the second-highest returning month of the year. Markets were mixed: While most ended May higher, Latin American, French, Chinese and Indian equities finished lower. All the major equity and bond volatility gauges we follow declined, but yields were mixed. The US 10-year treasury yield declined 17.9bps to 4.503%, so did the UK 10-year gilt. However, the German bund and Japanese government bond yields rose. Across assets, it was mixed: Natural gas (29.6%), bitcoin (+11.3%) and iron (+6.0%) climbed; gold (+1.7%) and copper (+0.8%) also rose; the dollar (-1.6%) and Brent (-5.4%) declined.**

Following are some of the overriding themes during May:

- (1) Good earnings season on balance, with yet another blockbuster earnings/outlook beat by Nvidia
- (2) Hawkish FOMC minutes
- (3) Resumption of the CPI disinflation trend in the US, offset by a sticky PCE price index
- (4) Some evidence of a cooling US labour market
- (5) A downwardly revised IQ GDP growth rate in the US
- (6) Sticky and re-accelerating eurozone inflation
- (7) Eurozone Q1 GDP better than expectations, together with the latest PMIs
- (8) Strong but still not good enough UK disinflation, coupled with BoE dovishness
- (9) China eases home-buying restrictions
- (10) Increased Japanese yen volatility as it hit a new multi-decade low
- (11) Commodities price recovery

Other notable bull and bear factors during May include:

Bull Factors

- Eurozone May HCOB Composite PMI came in at 52.3, stronger than expectations of 52.0, and the highest in a year. The Services PMI arrived at 53.3, weaker than expectations of 53.6.
- The IMF bumped up its forecast for China's growth over the next two years. The fund said it now expects GDP in the world's second-largest economy to increase by 5% in 2024 and by 4.6% in 2025.
- Eurozone GDP printed at +0.3% q/q and +0.4% y/y in Q1, stronger than expectations of +0.1% q/q and +0.2% y/y.
- The Indian economy expanded by 7.8% from the corresponding period of the previous year in the quarter ending March of 2024, sharply above the initial forecasts of a 6.7% expansion, to extend the trend of strong growth for the Indian economy.

Bear Factors

- The Fed left its benchmark interest rate unchanged, at a range of 5.25% to 5.5% as expected. The Fed noted "a lack of further progress" towards its goal of reducing inflation to 2.0%.
- US retail sales missed the mark, showing no growth from March to April vs. +0.4% expected, while core retail sales rose +0.2% m/m in April, right on expectations.
- Japan's economy shrank in Q1 2024 because of a slowdown in consumption. GDP contracted at an annualised rate of 2% vs. -1.5% expected, after barely expanding in the previous quarter.
- The US Q1 GDP growth was revised downward to +1.3% (q/q annualized) from the initial estimate of +1.6% in the second estimate. Also, the Q1 core PCE price index was unexpectedly revised lower to +3.6% (q/q annualized) from +3.7%.

MSCI All Country World Index	S&P 500	Euro Stoxx 600	FTSE 100	MSCI Emerging Markets Index
3.8%	4.8%	1.9%	1.6%	0.3%

US Dollar Index	Bitcoin	Crude Oil (Brent)	Gold
-1.6%	11.3%	-5.4%	1.6%

Regional Markets

**The S&P GCC equity indicator remained on a losing streak declining 6.0% in May (April: -1.4%), all major sub-indices closed lower, with the Tadawul weighing down the most. Brent also declined by 5.4%, accounting for most of the decline in oil prices this year.** All the regional indices that we follow are now in negative territory YTD. While US inventory levels were higher than expected, the softer US Q1 GDP was a further dampener for the oil demand outlook, especially in the context of sticky inflation.

**On 2 June, OPEC+ agreed to extend most of its deep oil output cuts well into 2025, exceeding expectations.** The current cuts of 5.86mbpd or about 5.7% of global demand, which were due to expire by the end of this year, have been effectively extended by another year. Meanwhile, **Goldman Sachs raised its global oil demand forecast for 2030 as it expects consumption to peak by 2034 on a potential slowdown in EV adoption.** It raised its 2030 crude oil demand forecast to 108.5mbpd from 106mbpd and expects demand to peak at 110mbpd in 2034, followed by a long plateau till 2040.

GCC S&P Index	FADG	DFM	TASI	QSE
-6.0%	-2.3%	-4.3%	-7.2%	-4.2%

Other News

- Renewable energy powered more than 30% of global electricity supply in 2023**, a new record, according to Ember, a climate think-tank. Growth in clean electricity has been driven by a surge in solar energy, which was the fastest-growing source for the 19th consecutive year. At the COP28 climate summit last year, leaders vowed to increase the share of renewables in global electricity supply to 60% by 2030.
- China's exports and imports returned to growth in April after contracting the previous month**, fostering optimism that the recovery of the world's second-largest economy is gaining momentum. The Chinese April Trade Balance came in at \$72.35B, weaker than expectations of \$81.40bn. Exports stood at +1.5% y/y, stronger than expectations of +1.0% y/y. Imports arrived at +8.4% y/y, stronger than expectations of +5.4% y/y.
- Chip designer Arm Holdings gave a lukewarm revenue forecast for the fiscal year, raising concerns that the tech industry's AI spending spree is slowing.** For fiscal 2025, revenue will be \$3.8 billion to \$4.1 billion while profit will be \$1.45 to \$1.65 a share, the company said. Analysts were predicting sales of \$4.01 billion — representing a gain of 26% — and a profit of \$1.53 a share.
- Disney and Warner Bros Discovery said they would bundle their streaming services for American customers.** The new package will be launched this summer. Their platforms—Disney+, Hulu and Max—currently lag behind Netflix, the market leader.
- President Joe Biden is hiking tariffs on imports from China including semiconductors, solar cells, and critical minerals**, with rates ranging from 25% for batteries to 100% for electric vehicles. The announcement was the culmination of a review of predecessor Donald Trump's tariff increases — none of which were rolled back.
- OpenAI launched GPT-4o, a faster version of ChatGPT.** Users will be able to speak to, and get instant responses from, the updated model. It will be free for all ChatGPT users, though paying OpenAI customers will have more capacity to use the AI.
- Reserve Bank of New Zealand held rates steady for the seventh consecutive meeting** on Wednesday and indicated that interest rate cuts might begin later in 2025.
- Tourism sector's contribution to the UAE's national economy is expected to rise to AED236bn in 2024**, positioning the country right on track to achieve its goal of boosting tourism's GDP share to AED450bn by 2031, according to the country's Minister of Economy.
- BlackRock Inc. plans to set up a new investment platform in Saudi Arabia**, backed by up to \$5bn from Saudi sovereign wealth fund the Public Investment Fund.
- The UAE's real estate market is expected to witness a slowdown in price increases**, dropping by nearly 10% by the end of 2024, according to S&P Global Ratings.
- Saudi Aramco posted a 14% YoY fall in Q1 2024 net profit to SR102.27bn (\$27.27bn), from \$31.9bn a year ago , on lower volumes of crude sold**, weakening refining and chemicals margins, and lower other income.
- Dubai ranked No.1 overall in global Greenfield FDI projects attraction in 2023**, the third successive year it has achieved this ranking, according to the Financial Times Ltd's "FDI Markets" data.
- The World Bank has revised the economic growth forecast for the Gulf Cooperation Council (GCC) region to 4.7% in 2025**, up from the previous projection of 3.8% published in April. This year's growth, however, is now projected to hit 2.8%, down from the previous estimate of 3.6%.
- Saudi Council of Economic and Development Affairs (CEDA) noted that the percentage of the completed Saudi Vision 2030 initiatives that are on track has reached 87%**, with an increase in the performance of the initiatives during the year 2023 compared to the previous year.
- Four companies in Saudi Arabia alone recorded a combined SAR 659 billion riyals (\$176 billion) in orders**, as institutional investors flocked to their initial public offerings (IPOs) over the last two years (Bloomberg).