

Executive Summary

Before the advent of the 2004 tsunami, the ocean remained calm, and people played carefree on the beaches. This reminds us of the unpredictable nature of catastrophes, whether natural or manmade. We have witnessed this in the East Asian crisis (1997), the dotcom crash (2000), the global financial crisis (2008), and the COVID-19 pandemic. Meticulous observation can reveal early warning signals, but acting on them remains a challenge due to the heterogeneous nature of markets. The intensity of asset price erosion when fear becomes contagious is a matter of serious concern. The mounting debt of developed nations which reached above GDP is new phenomenon developed after Covid 19 contrary to the popular belief that developing and under-developed nations incur more debt. The decision of US President Donald Trump has to be interpreted with these underlying macro-economic factors. Adding more fuel to fire, the consistent increase in trade deficit with major trading partners of US started disturbing its balance.

After the Industrial Revolution in 1760, the United States eventually emerged as the centre of global production and has remained the world's leading economic power. Even the mere prospect of this trend shifting can unsettle and destabilize the nation. A momentary pause is necessary for the U.S., and the imposition of tariffs is not solely about addressing the trade deficit but it also provides the temporary reprieve they desperately need to rebuild and restructure in the most advantageous way possible.

The concept of production has evolved significantly, especially with the emergence of AI. We have moved from manual, human-led production to machine-assisted production, and now to AI-driven production, which often requires little to no human interaction. This evolution raises a pressing question: how long can we, as humans, sustain our role as valuable contributors to society?

An increasingly unproductive human population, combined with the continuous growth of the global population, poses a serious challenge. In this scenario, it may feel as though, much like in the *Venom* movie, we become mere hosts to artificial intelligence—adapting simply to survive in a world reshaped by it.

The policy makers who are negotiating beneficial terms for international trade have to perceive this bigger picture while framing policies of international trade. Human efforts dominated Asian markets and Mexican markets, who presently act as valuable

resource to Global value chain may go to severe poverty, if the system ignores their importance in Global value chain.

From market point of view there no fresh story to disturb the recovery moves of world stock markets. The decision of the central bank of US and Japan to keep the interest rate steady had significantly influenced the recovery sentiments.. Gold prices continue to dwindle because only fear can build the safe haven appeal of gold. Crude oil price sharply declined due to the increase in production from OPEC countries.

World Stock Markets

The global markets continued the path of recovery and most of the market closed with a positive note apart from Chinese market that remained sluggish for the lack of cues. The declaration of strong earning from tech giants like Microsoft, Meta and Amazon had helped the recovery sentiments. US April jobs report exceeded expectation allayed the fear of recession. The trade talks between China and US fuelled a positive expectation that can ameliorate the prospects of international trade. The talk between the trade giants is expected to ease the supply chain friction by negotiating for reduction in tariffs. The bank of Japan decision to keep the interest rate steady instilled more confidence in investors and Japan index Nikkei rose 3.15 percent for the week. Similarly Fed officials also signalled no imminent rate hikes.

World Exchanges Weekly Sentiments						
	Pre Close	Open	High	Low	Last	% Change
1 S&P 500	5525.21	5529.22	5700.70	5433.24	5686.67	2.92
2 NASDAQ Composite	17382.94	17390.93	18048.83	16959.53	17977.73	3.42
3 Nikkei 225	35705.74	35962.80	36976.51	35773.49	36830.69	3.15
4 SSE Composite Index	3295.06	3292.06	3296.93	3277.55	3279.03	-0.49
5 Hang Seng Index	21980.74	22072.35	22532.54	21817.85	22504.68	2.38
6 FTSE 100	8415.30	8415.30	8622.10	8408.10	8596.40	2.15
7 Euro STOXX 50	5154.12	5163.23	5285.19	5105.80	5285.19	2.54
8 Nifty 50	24039.35	24070.25	24589.15	24054.05	24346.70	1.28
9 DAX 40	22242.45	22339.89	23086.65	22235.74	23086.65	3.80
10 KOSPI	2546.3	2551.23	2571.41	2540.57	2559.79	0.53
* Weekly computed data						

Forex Market

Forex market is observed with significant volatility and dollar strengthened against the basket of major currencies. Despite the pressure from trump administration to cut interest rate, the decision of the fed officials to keep the interest rate steady had influenced the sentiments. Indian rupee strengthened against dollar and closed at

84.66 compared with previous week close rate at 85.38 mainly due to the inflow of foreign institutional investors funds to Indian market.

Currencies Weekly Sentiments						
	Pre Close	Open	High	Low	Last	% Change
1 EUR/USD	1.1395	1.1343	1.1420	1.1267	1.1303	-0.81
2 USD/JPY	143.67	143.8410	145.9060	142.0220	144.9110	0.86
3 GBP/USD	1.3314	1.3290	1.3442	1.3266	1.3275	-0.29
4 AUD/USD	0.6411	0.6382	0.6470	0.6357	0.6387	-0.37
5 USD/CAD	1.3884	1.3871	1.3891	1.3760	1.3819	-0.47
6 USD/MXN	19.4888	19.5352	19.6918	19.4754	19.5655	0.39
7 USD/CNY	7.286	7.2864	7.2940	7.2690	7.2706	-0.21
8 USD/SGD	1.3136	1.3152	1.3165	1.2901	1.2991	-1.10
9 USD/INR	85.3846	85.3849	85.4585	83.5827	84.6680	-0.84
10 USD/HKD	7.7591	7.7569	7.7596	7.7490	7.7507	-0.11
* Weekly computed data						

Commodities Market

The precious metals and crude oil declined sharply for the week due to recovery of stock markets and OPEC countries decision to accelerate the production to add 411,000 barrels per day in June , contributing a total increase of 960,000 barrels per day over three months. As per information from market sources, this move is driven by Saudi Arabia to penalize members like Iraq and Kazakhstan for exceeding the production quotas. Contrary to the crude oil movement , natural gas prices rose sharply from 3.11 to 3.63 over the week posting over 16 percent hike for the week. The movement is fuelled with the expectation of increased demand for natural gas and consumption of natural gas is expected to increase due to rapid expansion of artificial intelligence technologies particularly from data centres. The natural gas consumption of data centres is projected to increase by 13 percent and currently 40 % of the energy needs are supplied by natural gas. According to EIA, the demand of natural gas will grow by 4% in 2025 compared with 2024 , led by a 18% increase in exports of natural gas by pipeline and as liquefied natural gasⁱ. And use of natural gas for colder than normal weather for space heating will result in 9% increase in consumption for 2025 to meet the increased demand.

Commodities Weekly Sentiments						
	Pre Close	Open	High	Low	Last	% Change
1 Gold Spot (USD/t.oz)	3319.9	3302.60	3352.90	3201.90	3239.30	-2.43
2 Brent Crude Oil (USD/Bbl)	65.800	65.690	65.830	60.610	61.290	-6.85
3 Crude Oil WTI (USD/Bbl)	63.020	63.060	63.210	57.740	58.290	-7.51
4 Copper (USD/Lbs)	4.8403	4.8221	4.9159	4.4622	4.6471	-3.99
5 Natural Gas (USD/MMBtu)	3.1140	3.1820	3.6730	3.1720	3.6300	16.57
6 Wheat (USD/Bu)	530.00	519.00	530.75	505.00	527.25	-0.52
7 Soyabean	1049.8	1043.80	1054.00	1028.30	1048.80	-0.10
8 Steel Rebar (CNY/T)	3043.03	3051.00	3105.00	3001.00	3052.00	0.29
9 Silver(USD/t.oz)	33.0660	32.8860	33.5330	31.6660	32.0050	-3.21
10 Aluminium (USD/T)	2437.40	2433.80	2470.10	2395.30	2440.40	0.12

* Weekly computed data

Disclaimer

The views are expressed for the purpose of study only and not an advice to any traders or investors in the market. Trading/investing in Financial markets involves considerable risk and you may lose part or all of the initial investment. It is not ideal for all types of investors, and you are advised to seek professional assistance before the same. Past performance may not necessarily be repeated in the future. The news and views posted on this report are based on information, which are believed to be accurate. The author cannot be held responsible for the accuracy of the content posted on this report or for decisions taken by the readers based on such information.

References

ⁱ https://www.eia.gov/outlooks/steo/report/natgas.php?utm_source=chatgpt.com