

# FINANCIAL MARKET EXPLORATION

August 2024 EDITION

## CMS Financial

Celebrating  
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MIDDLE EAST AND  
NORTH AFRICA  
ECONOMIC UPDATE

THE IMPACT OF  
MINDSET AND  
CONSISTENCY IN  
REACHING LONG-  
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TRADING VS  
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MONTHLY UPDATE  
FOR AUGUST 2024



**DISCOVER EXPERT INSIGHTS, MARKET TRENDS, & TRADING STRATEGIES FOR SUCCESS IN TODAY'S DYNAMIC LANDSCAPE**

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# THE FUTURE OF FINANCIAL TECHNOLOGY: QUANTUM COMPUTING'S IMPACT ON TRADING THE QUANTUM LEAP IN FINANCE

As financial markets evolve and trading becomes more complex, the limits of classical computing are increasingly apparent. Enter quantum computing: a revolutionary technology poised to disrupt the financial world by solving problems that are intractable for even the most powerful supercomputers today.

Quantum computing, which leverages the principles of quantum mechanics, has the potential to dramatically change how traders analyse markets, optimise portfolios, and execute trades. While still in its infancy, quantum technology could eventually unlock new trading strategies and make predictions with unprecedented accuracy.

This article explores the potential of quantum computing in financial trading, its current state, and how brokers, hedge funds, and financial institutions can prepare for this new era.

**A Primer for Finance Professionals** Quantum computing differs from classical computing in that it uses quantum bits (qubits) rather than traditional bits. While a classical bit can be either a 0 or a 1, a qubit can be both at the same time (thanks to superposition), allowing quantum computers to perform multiple calculations simultaneously.

Another key feature of quantum computing is entanglement, where qubits become linked, meaning the state of one qubit can depend on the state of another, even if they are physically separated. These properties allow quantum computers to process vast amounts of data exponentially faster than classical computers, particularly when it comes to solving complex mathematical problems.

For financial markets, which are inherently nonlinear and filled with uncertainty, quantum computing represents a paradigm shift. Problems like portfolio optimization, risk management, and algorithmic trading can be tackled more effectively and efficiently than ever before.

## **Quantum Computing's Potential Impact on Trading Strategies**

One of the most exciting applications of quantum computing in finance is in portfolio optimisation. Current methods, such as Markowitz's Modern Portfolio Theory, rely on approximations and take significant computing power to process large datasets. Quantum algorithms could process this data in a fraction of the time, enabling traders and brokers to create more balanced, diversified, and efficient portfolios.

For example, the Quantum Approximate Optimization Algorithm (QAOA) is specifically designed to solve combinatorial optimisation problems, like portfolio selection. QAOA can explore far more investment scenarios than classical algorithms, finding optimal combinations of assets to maximise return while minimising risk.

## **Risk Analysis and Hedging**

Quantum computing's ability to handle massive datasets makes it an ideal tool for risk management. Quantum algorithms could significantly improve Value at Risk (VaR) calculations, which estimate the maximum potential loss a portfolio could suffer over a specific period. With the speed and accuracy of quantum calculations, brokers can assess risk in real-time, even in fast-moving markets.

Furthermore, Monte Carlo simulations, which are used to model the probability of different outcomes in uncertain financial scenarios, can be executed exponentially faster with quantum computers. This capability enables traders to better hedge positions by more accurately predicting the likelihood of market movements, thereby optimising their risk management strategies.

## **Enhancing Algorithmic Trading with Quantum Technology**

Algorithmic trading, which accounts for a significant portion of global trading volume, relies heavily on complex mathematical models and historical data. Quantum computing can take this to the next level by speeding up the processing of machine learning algorithms and providing more precise market prediction.

## **Quantum Machine Learning (QML)**

Quantum computing could revolutionise machine learning by enabling Quantum Machine Learning (QML). QML algorithms can analyse massive amounts of market data faster than classical systems, identifying patterns, anomalies, and trends that traditional algorithms might miss. This can lead to the development of highly sophisticated trading algorithms that adapt in real-time to market fluctuations.

Imagine a trading bot powered by quantum computing that can analyse millions of data points per second, adjusting its strategy to changing market conditions faster than human traders or classical algorithms could ever hope to do.



**High-Frequency Trading (HFT)** relies on executing orders in milliseconds to capitalise on minor price discrepancies across markets. Quantum computing, with its superior processing power, could give HFT firms an unprecedented edge, reducing the time it takes to process complex arbitrage strategies. While quantum computers may not be the fastest in terms of individual trade execution, their ability to perform complex calculations in real-time can lead to more efficient HFT strategies.

### **Challenges and Considerations: Are We Ready for Quantum Trading?**

While the potential of quantum computing is immense, there are several challenges and considerations for its adoption in trading.

#### **Technical Hurdles**

Quantum computers are still in the experimental stage, with companies like IBM, Google, and D-Wave working to build commercially viable machines. The development of quantum error correction and scaling up qubit systems are among the biggest challenges. Today's quantum computers can perform certain tasks faster than classical systems, but they are not yet powerful or stable enough for widespread financial applications.

#### **Security and Cryptography**

One of the major concerns surrounding quantum computing is its impact on cryptography. Quantum computers could theoretically break existing encryption protocols, posing a risk to the security of financial transactions. As quantum computing evolves, so too must quantum-resistant cryptographic protocols to protect sensitive data and financial systems.

#### **Regulatory Landscape**

Quantum trading will inevitably attract attention from regulators. As trading strategies become more advanced, the market could face new forms of market manipulation or unfair advantages gained by those with access to quantum technology. Regulatory bodies will need to adapt to these advancements to ensure a level playing field.

#### **The Cost of Quantum Adoption**

Quantum computers are expensive and require specialised infrastructure to operate. Financial institutions that want to leverage quantum technology may face high upfront costs, limiting access to larger firms initially. However, as the technology matures and becomes more accessible, the benefits could far outweigh the costs.



## Preparing for a Quantum Future in Trading

While fully operational quantum computers may still be years away, financial institutions and brokers need to prepare for this inevitable transformation. Here's how they can start:

- **Invest in Research and Development (R&D):** Partner with quantum computing firms or universities to explore use cases and test quantum algorithms in trading and portfolio management.
- **Build a Quantum-Ready Workforce:** Develop expertise within the organization by training staff on quantum computing principles and potential financial applications.
- **Stay Ahead of the Competition:** Keep up with quantum computing advancements, and be ready to adapt trading strategies as quantum technology matures.
- **Quantum as a Service (QaaS):** Financial institutions should explore early-stage Quantum as a Service (QaaS) platforms, which are being offered by companies like IBM and Microsoft, enabling brokers to experiment with quantum algorithms without needing to own quantum hardware.

## The Quantum Frontier in Financial Markets

Quantum computing is not a question of "if" but "when" in the financial industry. While we are still in the early stages of development, the potential applications in trading, risk management, portfolio optimisation, and algorithmic trading are too significant to ignore.

Brokers, traders, and financial institutions that start preparing for the quantum future today will be best positioned to take advantage of its transformative capabilities tomorrow. In the race to adopt this technology, those who embrace quantum computing early will have the potential to shape the financial markets of the future.



# Apple, Nvidia in talks to join OpenAI funding round, media reports say

The artificial intelligence sector is witnessing an exciting new chapter as Apple and Nvidia are reportedly in advanced discussions to invest in OpenAI, the pioneering company behind ChatGPT. This potential investment could push OpenAI's valuation beyond \$100 billion, solidifying its position as a leader in the rapidly growing AI industry. This new fundraising round could set the stage for transformative developments in AI, especially for the companies involved.

The news, first revealed by The Wall Street Journal, points to Apple's increased interest in artificial intelligence technologies. As one of the world's most innovative tech giants, Apple's investment in OpenAI could further enhance its AI-driven capabilities, signaling a strong push toward integrating AI into its core products and services. Bloomberg News later confirmed that Nvidia, the world leader in AI hardware and GPU technology, is also considering joining this significant funding effort.

What's particularly intriguing about this potential investment is the synergy between Apple, Nvidia, and OpenAI. OpenAI's ChatGPT, an advanced language model, has become a key player in the AI revolution, enabling more natural and efficient human-computer interaction. Apple's reported interest in this fundraising round highlights its strategic intent to align more closely with OpenAI's innovations. Apple's adoption of ChatGPT into its devices under the "Apple Intelligence" initiative in June 2024 further cements this partnership, bringing advanced AI capabilities to its product ecosystem, including iPhones, iPads, and MacBooks. For Apple, the integration of ChatGPT could enhance several areas, from Siri's conversational abilities to more personalized AI-powered features across its devices

. As AI becomes increasingly central to the tech industry, companies like Apple are looking for ways to lead this next wave of technological advancement.

At the same time, Nvidia's potential involvement adds even more weight to this already monumental deal. As a company that has revolutionized AI hardware with its powerful GPUs (Graphics Processing Units), Nvidia's partnership with OpenAI could create a seamless bridge between cutting-edge hardware and advanced AI software. Nvidia's hardware is critical for training large AI models like ChatGPT, which require immense computational power. A strategic partnership with OpenAI could further establish Nvidia's dominance in the AI market, positioning it as a vital contributor to the AI arms race.

**Diving into the involvement of Nvidia and Microsoft's role in OpenAI's rise as an AI powerhouse**



## The AI Arms Race: Nvidia and Microsoft's Growing Role in OpenAI

As the AI industry heats up, Nvidia (NASDAQ) is reportedly positioning itself as a key player in the next phase of OpenAI's growth. Nvidia, already a dominant force in the world of AI hardware with its cutting-edge GPUs, could further cement its role in the artificial intelligence ecosystem through an investment in OpenAI.

According to reports from Bloomberg News, Nvidia is in talks to join Apple in investing in OpenAI's latest fundraising round, which could value the company at over \$100 billion. This investment would follow a significant tender offer in February that valued OpenAI at around \$80 billion, led by Thrive Capital. It is clear that OpenAI, led by Sam Altman, continues to attract heavyweight investors, highlighting its importance in the rapidly growing AI market.

Another major player expected to participate in the funding round is Microsoft (NASDAQ), OpenAI's largest strategic investor, having already invested over \$10 billion in the company. With OpenAI at the forefront of the AI arms race, these investments reflect the massive stakes involved for tech companies looking to lead the future of AI-powered innovations.

Although exact figures from Apple, Nvidia, and Microsoft remain undisclosed, this wave of investment into OpenAI signals how critical AI has become in shaping the future of technology across industries. As companies rush to invest billions to secure their foothold in AI, OpenAI continues to push boundaries, spurring competition and innovation in the market.



**AI NEWS**





# Trading vs Holding: Maximizing Your Returns in Volatile Markets

Trading involves frequent buying and selling of financial assets, such as stocks, bonds, or commodities, with the goal of profiting from short-term price fluctuations. Traders often capitalize on market volatility, which presents opportunities for profit within a short timeframe, sometimes in a matter of days or even hours. There are various types of trading strategies, including day trading, swing trading, and position trading, each with its own timeframe and risk level.

In volatile markets, trading can be particularly attractive. Price movements tend to be more pronounced, creating opportunities for traders to exploit dips and peaks. For example, during market corrections or unexpected geopolitical events, certain stocks may see drastic declines in value, only to bounce back as conditions stabilize. A skilled trader, who can read market trends and react quickly, can enter and exit positions in time to capture those movements and generate significant profits.

## **Advantages of Trading in Volatile Markets:**

1. **Profit from Short-Term Price Movements:** Market volatility provides opportunities for traders to take advantage of rapid price changes. By being nimble and adjusting to market trends, traders can turn short-term fluctuations into gains.
2. **Leverage:** Many traders use leverage to magnify their positions, allowing them to control larger quantities of an asset with less capital. While this increases potential profits, it also magnifies risk, making risk management essential.
3. **Diversification of Tactics:** Traders often employ a variety of techniques, such as technical analysis, chart patterns, and market sentiment indicators, to make informed decisions. This flexible approach allows them to adapt to different market conditions.
4. **Liquidity and Flexibility:** Traders can quickly move in and out of positions, giving them the flexibility to adjust their strategies depending on market sentiment. In a volatile environment, this ability to adapt quickly can prevent major losses and capture profits in a timely manner.

However, trading is not without its risks. Volatility is a double-edged sword—while it can amplify profits, it can also result in substantial losses if a trader misjudges market direction. Moreover, trading requires time, focus, and a solid understanding of market mechanics. It is not a passive investment approach, and the psychological pressure of monitoring trades daily can be intense.

### **Holding: A Long-Term Approach in Uncertain Times**

In contrast to trading, holding involves buying financial assets and keeping them for an extended period, regardless of short-term market fluctuations. This strategy, often referred to as buy-and-hold investing, is based on the belief that financial markets will rise over time, even though they may experience temporary downturns or periods of volatility.

In volatile markets, holding offers a different set of advantages. Instead of reacting to daily price movements, holders focus on the long-term potential of an asset. For example, investors who purchased stocks in Apple or Amazon decades ago and held onto them, despite short-term volatility, have seen their investments grow exponentially over time. The key to successful holding is selecting quality assets that are likely to appreciate in value over the long term.

#### **Advantages of Holding in Volatile Markets:**

1. **Riding Out Volatility:** By holding through periods of volatility, investors avoid the emotional stress and potential mistakes of trying to time the market. They benefit from long-term growth trends rather than focusing on short-term fluctuations.
2. **Compounding Returns:** The power of compounding is a key advantage for long-term investors. Reinvesting dividends or interest payments over time can lead to exponential growth, especially for assets that appreciate steadily.
3. **Lower Transaction Costs:** Trading frequently can rack up significant fees and commissions, whereas holding minimizes transaction costs by reducing the number of trades made over time.
4. **Capitalizing on Market Recoveries:** History shows that after every significant market correction or crash, financial markets tend to recover and even surpass previous highs. Holding investments through these downturns can allow investors to benefit from the full scope of market recovery.

Despite its benefits, holding also comes with risks, particularly in a volatile market. While the buy-and-hold strategy minimizes emotional decision-making, it may cause investors to miss out on short-term profit opportunities. Furthermore, holding poorly performing assets for too long can erode capital, especially if the company or asset class fails to recover from a downturn. Therefore, while holding generally requires less active management, it still requires careful selection and periodic reassessment of assets to ensure they remain viable in the long term.

#### **Combining Trading and Holding: Finding Balance in Volatile Markets**

Given the distinct advantages and risks of both strategies, many successful investors opt for a combination of trading and holding, using each approach in different contexts. In volatile markets, this hybrid strategy allows investors to capture short-term opportunities while still benefiting from long-term growth.



# Is Technical Analysis the Key to Understanding Market Sentiment?

*In the world of financial markets, where uncertainty and volatility often reign, traders and investors are constantly seeking tools and strategies to gain insights into market behavior. One of the most popular and widely used methods is technical analysis, which relies on historical price data, volume, and chart patterns to predict future market movements. But beyond its traditional role in identifying trends and entry/exit points, many believe that technical analysis also serves as a powerful tool for gauging market sentiment — the collective emotions and attitudes of market participants toward a particular asset or the market as a whole.*

## **What is Market Sentiment?**

Market sentiment refers to the overall attitude or feeling that investors and traders have toward a particular asset or the market in general. It can be bullish (positive) when investors expect prices to rise, or bearish (negative) when they anticipate prices to fall. Market sentiment is often driven by a combination of factors, including news, economic data, geopolitical events, and earnings reports.

However, it's important to note that market sentiment is not always aligned with fundamental data. For example, a stock might have strong earnings, but if the broader market sentiment is fearful or cautious due to external factors (such as interest rate hikes or political instability), that stock could still experience downward pressure. This disconnect between fundamentals and sentiment is what makes understanding market psychology so important.

## **How Technical Analysis Reflects Market Sentiment**

Technical analysis is built on the idea that price movements and trading patterns

reflect all available information about an asset, including the emotional reactions of market participants. The foundational principle of technical analysis is that history tends to repeat itself, meaning that patterns and trends observed in the past will often reemerge under similar circumstances in the future.

Several technical analysis tools are particularly useful for interpreting market sentiment:

### **Price Trends and Moving Averages**

One of the simplest and most effective ways to gauge market sentiment is through price trends. When a stock or index is in an uptrend, with higher highs and higher lows, it indicates positive sentiment, as buyers are in control and are willing to pay increasingly higher prices. Conversely, a downtrend, characterized by lower highs and lower lows, signals negative sentiment, with sellers dominating the market.

**Moving averages** are also valuable for understanding sentiment. A commonly used technical indicator, the moving average smooths out price data to help identify the direction of the trend. When the price of an asset is above its moving average

## Volume and Participation

Volume, or the number of shares or contracts traded during a given period, can provide critical insights into market sentiment. In technical analysis, volume is often considered a confirming indicator of price movements. If an asset is rising in price with high volume, it suggests that many traders and investors are confident in the move, and the sentiment is strongly bullish. Conversely, if the price is rising but volume is low, it may indicate that the move lacks conviction and could reverse.

On the flip side, when prices fall on high volume, it points to strong bearish sentiment, as more market participants are selling. A decline on low volume, however, may signal that the bearish sentiment is weak and the trend may not last.

## Support and Resistance Levels

**Support** and **resistance** levels are key concepts in technical analysis that reflect market sentiment. Support levels are price points where buying interest is strong enough to prevent further declines, reflecting areas where market participants believe an asset is undervalued. When prices hit these levels, traders often see it as an opportunity to buy, signaling positive sentiment.

**Resistance levels**, on the other hand, are points where selling pressure prevents prices from rising further, indicating where investors see the asset as overvalued. If an asset repeatedly fails to break through a resistance level, it suggests that bearish sentiment is strong and that buyers are unwilling to push prices higher.



# Middle East and North Africa Economic Update — August 2024



The Middle East and North Africa (MENA) region has long been a focal point of global economic and geopolitical developments, and August 2024 brought a mixture of growth, challenges, and transitions that continue to shape its future. From fluctuating oil prices and investment in renewable energy to post-pandemic recovery efforts and geopolitical uncertainties, the MENA region is experiencing a dynamic and transformative period.

This economic update for August 2024 delves into key factors influencing the region, focusing on oil market trends, renewable energy investments, inflation, fiscal policies, and key economic reforms across the region.

## **Oil Market Developments: Volatility and Recovery**

Oil remains the lifeblood of the MENA economy, particularly for major exporters like Saudi Arabia, United Arab Emirates, and Kuwait. August 2024 saw significant volatility in global oil prices, with Brent crude fluctuating between \$80 and \$85 per barrel. This variation has been largely driven by conflicting forces—on one hand, demand from recovering global economies post-pandemic, and on the other hand, the increased push for renewable energy and a global economic slowdown in some key markets, including China and Europe.

OPEC+ nations, led by Saudi Arabia, continued their policy of measured production cuts to stabilise oil prices in response to global supply concerns. The cuts have helped prevent prices from plunging below the \$80 threshold, ensuring that oil revenues remain a key source of income for these economies.

However, as climate change policies and global decarbonization efforts intensify, the MENA region is grappling with how to diversify its economies away from oil dependency. August saw renewed discussions about accelerating energy diversification efforts, particularly in Saudi Arabia's Vision 2030 plan and the UAE's ambitious Energy Strategy 2050, which focuses on increasing the share of renewable energy in their overall energy mix.

## **Renewables and Economic Diversification: A New Frontier**

As the global transition toward green energy gains momentum, several MENA countries are making significant strides in renewable energy investments, attempting to lessen their reliance on fossil fuels. Saudi Arabia, for instance, is moving forward with its NEOM project—a futuristic city powered by renewable energy, including solar and wind power.

In August 2024, the UAE officially inaugurated the next phase of its Mohammed bin Rashid Al Maktoum Solar Park, one of the largest solar projects in the world. This initiative underscores the nation's commitment to transitioning to clean energy, with the aim of sourcing 50% of its energy from renewable by 2050. The solar park is expected to generate over 5,000 megawatts upon completion, bolstering the UAE's position as a leader in the region's energy transition.

Morocco is another key player in the renewable energy space, thanks to its focus on solar and wind energy projects. In August 2024, Morocco expanded its Noor Ouarzazate Solar Complex, continuing its path toward achieving 52% renewable energy production by 2030.



# Inflation and Cost of Living Pressures



Inflation remained a persistent challenge for many MENA economies throughout August 2024. Several factors, including global food supply chain disruptions, rising fuel prices, and import costs, have contributed to increased inflation rates across the region. This has particularly affected lower-income and oil-importing countries like Egypt, Tunisia, and Jordan, where food and energy prices are driving up the cost of living for the average citizen.

In Egypt, inflation surged to 22% in August, reflecting the country's ongoing struggles with currency devaluation and high import costs. The government has implemented tighter monetary policies, including raising interest rates to combat inflation, but challenges remain as public frustration grows over rising prices. Despite the pressure, Egypt's government is optimistic about stabilizing the economy with a combination of structural reforms and investment incentives.

The Gulf Cooperation Council (GCC) countries, which include the wealthier oil-exporting nations, have fared slightly better in managing inflation. Their wealth reserves and continued oil revenues have provided a buffer against global inflationary pressures. Nevertheless, inflation in these countries has also seen a slight uptick due to higher costs for imported goods and services.

## **A Dynamic and Transformative Period for the MENA Region**

As August 2024 comes to a close, the MENA region stands at a critical juncture. The challenges of inflation, geopolitical tensions, and oil market volatility are counterbalanced by the region's increasing investment in renewable energy and economic diversification. Governments across the region are implementing reforms and policies aimed at securing long-term growth and stability, recognizing that the path to economic resilience lies in innovation and diversification beyond oil.

The next few months will be key in determining how well the MENA region navigates these challenges and seizes the opportunities that lie ahead. As the global economy evolves, so too must the economies of the Middle East and North Africa, ensuring that they remain competitive and sustainable in the face of ongoing uncertainties.



# MONTHLY UPDATE FOR AUGUST 2024

Research Insights

## Key Economic Observations for May 2024

### Interest Rates:

- **Federal Reserve (Fed):**

- In August 2024, the Federal Reserve maintained its interest rates at a range of 5.25% to 5.50%, as inflation showed signs of stabilization. Fed officials signaled caution, with Chair Jerome Powell indicating that rate cuts could start by the fourth quarter of 2024, but this would depend on continued progress in inflation control. The Fed remains committed to reaching its 2% inflation target, but the path to achieving this remains gradual and uncertain

- **European Central Bank (ECB):**

- The ECB made another rate cut in August, reducing the deposit rate by 25 basis points to 3.50%. This marked the second cut this year as inflation continued to slow down across the Eurozone. ECB President Christine Lagarde highlighted that the economic recovery was showing resilience, particularly in the labor market, and signaled that the bank was monitoring inflation dynamics to ensure further cuts align with improving economic conditions

- **Bank of England (BoE):**

- The BoE also held rates steady at 5% in August, delaying any expected cuts until later in the year. Officials stressed the importance of maintaining a restrictive stance until inflation shows sustainable reductions. The central bank is managing a delicate balance between controlling inflation and supporting economic growth.

### Inflation Rates:

- **United States:**

Inflation in the U.S. continued its downward trend, with the Consumer Price Index (CPI) showing a 2.5% year-on-year increase in August 2024. Although inflation remains above the Fed's target, there is optimism that the Personal Consumption Expenditure (PCE) data, due for release, will further reflect easing inflationary pressures

- **Eurozone:**

Eurozone inflation for August was estimated at 2.6%, slightly higher than expected but still reflective of a slowing trend. Core inflation remained elevated, particularly due to rising wage pressures, but the ECB expects the inflationary cycle to moderate in the coming months

## **China and Japan:**

- China experienced moderate inflation in August, though signs of economic slowdown prompted discussions around potential policy support to spur growth. Meanwhile, Japan's inflation rate remained steady at 2.2%, with the Bank of Japan (BoJ) maintaining its accommodative stance, signaling that rate hikes might come at a slower pace

## **Manufacturing Indicators:**

- **United States:**
  - August 2024 saw a continued slowdown in the U.S. manufacturing sector. The ISM Manufacturing PMI remained in contraction territory, with a reading of 46.4, reflecting ongoing weakness in the sector. Job losses within manufacturing also rose, particularly in durable goods production, contributing to a decline in employment
- **Eurozone:**
  - Manufacturing activity across the Eurozone remained subdued, with persistent concerns about weak demand. German industrial production saw another decline, and broader business sentiment across the region softened. However, some sectors, such as construction, exhibited resilience, helping balance the economic outlook
- **China and Japan:**
  - China's factory output in August showed signs of strain as the global demand for exports weakened. Policymakers responded by pledging further fiscal and monetary support to stabilize growth. In contrast, Japan's manufacturing output continued its modest recovery, buoyed by improved domestic demand and an optimistic outlook for the second half of 2024

## **Unemployment/Employment Figures:**

- **United States:**
  - The U.S. labor market showed mixed results in August 2024. The economy added 142,000 jobs, a slight improvement from July, though prior months' figures were revised downward. Unemployment ticked up to 4.3%, marking a slowdown in labor market momentum. Job growth was most prominent in health care and social assistance sectors, while manufacturing saw continued job losses
- **Eurozone and UK:**
  - In the Eurozone, employment figures remained relatively stable, with the unemployment rate holding at 6.4%. However, growth in employment slowed, particularly in industrial sectors. The UK saw similar trends, with job growth slowing but the labor market still reflecting signs of resilience



The global economy in August 2024 reflected a mixture of resilience and challenges across the United States, Eurozone, China, and Japan. The manufacturing sector continued to show signs of strain, particularly in the U.S. and Eurozone, driven by weak demand and global uncertainties. In contrast, Japan exhibited cautious optimism with its slow recovery, while China sought further policy support to stabilize its fragile growth.

Labor markets showed mixed results. In the U.S., job growth continued but at a slower pace, with unemployment ticking up slightly. Meanwhile, the Eurozone and the UK experienced stable yet tepid employment conditions, signaling caution as industrial sectors faced persistent struggles.

On the economic growth front, U.S. GDP showed modest growth at 2.2%, although inflationary pressures and monetary tightening could temper future expansions. The Eurozone displayed signs of recovery in certain sectors, but challenges remained, particularly in manufacturing. China and Japan presented contrasting outlooks, with China revising its growth forecast downward amid weak demand, while Japan saw improvements in consumer spending and business sentiment.

Overall, August 2024 was marked by economic uncertainty, particularly in the manufacturing sector, while labor markets and GDP growth displayed stability despite looming challenges. As the global economy navigates through inflation, monetary policy changes, and geopolitical tensions, future developments will depend on how each region manages these factors in the coming months.

## **Currency Performances for August 2024**

### **EUR/USD:**

The Euro (EUR) continued its upward trend against the U.S. Dollar (USD) in August 2024. The pair benefited from expectations of upcoming U.S. interest rate cuts as the Federal Reserve signaled potential easing, with the first cut possibly occurring in September. The Eurozone economy showed modest improvements, and the current account surplus supported the euro's rise. By mid-August, EUR/USD was trading near 1.1050, its highest level in several months, with resistance expected around 1.1140. Market sentiment remains optimistic for further gains as both currencies respond to key economic data, including the S&P PMI surveys and upcoming speeches from Federal Reserve officials.

### **GBP/USD:**

The British Pound (GBP) experienced fluctuations against the USD throughout August. After the Bank of England (BoE) cut interest rates at the beginning of the month, the pound's value faced downward pressure. Despite this, the pair saw support near 1.2733 by the end of August, with a high of 1.3259 earlier in the month. The UK's current account deficit and ongoing concerns about inflation continued to make the GBP sensitive to interest rate movements, leaving room for further volatility in the months ahead.

### **USD/JPY:**

The U.S. Dollar (USD) saw volatility against the Japanese Yen (JPY) in August, primarily driven by concerns over the U.S. economy and an unexpected rate hike by the Bank of Japan (BoJ). The yen strengthened significantly, as traders closed out short positions, bringing USD/JPY down from previous highs. By mid-August, the pair was hovering near 156, with traders closely watching for further monetary policy updates from the BoJ and global economic developments that could affect the dollar's outlook

### **Gold:**

August 2024 saw gold prices continue their upward trend, reaching all-time highs. Throughout the month, gold traded between \$2,400 and \$2,506 per ounce, buoyed by global economic uncertainty, inflationary concerns, and political instability. By mid-August, gold was hovering around \$2,506 per ounce, driven by weakening U.S. economic data and expectations of further interest rate cuts from the Federal Reserve. This environment supported demand for gold as a safe-haven asset, with central banks like India's making large purchases. Market analysts expect the price to continue testing resistance levels around \$2,500, with the potential for further gains if geopolitical risks persist and interest rates remain low

### **Oil:**

The oil market in August 2024 faced significant volatility. Brent crude prices fell from over \$82 per barrel in early August to \$70 per barrel by mid-month, marking the lowest levels in three years. This sharp decline was largely due to weakening demand from China, the world's largest importer, as its economic growth slowed. In contrast, demand in the U.S. remained relatively stable, particularly for gasoline. OPEC+ responded by maintaining production cuts to stabilize prices, though non-OPEC production increases created additional pressure on supply. With inventories declining and global demand growth slowing, oil prices are expected to remain volatile in the coming months





# The Impact of Mindset and Consistency in Reaching Long-Term Success

Achieving long-term success, whether in personal or professional life, requires more than just skills and opportunities. Two critical elements that often determine the path to success are mindset and consistency. While skills can be developed and opportunities can be seized, it's the mindset that sets the foundation for growth and the consistency that drives sustainable progress.

This article explores how cultivating the right mindset and practicing consistent behaviour can significantly impact your long-term goals, as well as strategies to help you harness these forces for personal achievement.

## **Mindset Shapes Motivation and Resilience**

A positive mindset influences not only how you perceive challenges but also how you respond to them. With a growth mindset, motivation to improve is intrinsic. You're driven to achieve not because of external rewards but because of your desire to learn, grow, and master a skill. This internal drive makes it easier to stay committed, even when the journey gets tough.

Resilience, or the ability to bounce back from adversity, is closely linked to mindset. In a growth mindset, obstacles are expected, and setbacks are seen as temporary. This allows individuals to remain motivated, even after experiencing failure. By cultivating resilience, you can maintain focus on your long-term goals, no matter the challenges.

For example, in the professional world, many successful entrepreneurs have faced multiple business failures before finally finding success. Elon Musk, founder of companies like SpaceX and Tesla, has spoken openly about the numerous challenges and failures he's encountered in his career.

## Consistency: The Driving Force Behind Success

While mindset sets the stage for success, consistency is the fuel that propels you forward. No matter how talented or motivated you are, sustained effort over time is what produces lasting results. Consistency means showing up, putting in the work, and sticking to your plans, even when immediate rewards aren't visible.

In the world of fitness, for example, consistency is key to achieving results. You cannot expect to see significant progress after a few workouts; it takes months, if not years, of regular exercise and disciplined habits to see lasting transformation. Similarly, building a successful career or mastering a skill requires daily or weekly action that compounds over time.

### Strategies to Build a Success-Oriented Mindset and Consistency

Here are a few actionable strategies to help you develop a growth mindset and maintain consistency on your journey toward long-term success:

1. **Embrace Failure as a Learning Opportunity:** Shift your perspective to view mistakes and failures as valuable feedback. Learn from them, and adjust your approach accordingly.
2. **Set Small, Achievable Goals:** Break down your long-term objectives into smaller milestones. This makes your goals feel more manageable and provides a sense of accomplishment as you make progress.
3. **Create a Routine:** Establish daily or weekly habits that align with your goals. Consistency is easier when your tasks become part of a routine.
4. **Track Your Progress:** Regularly review your achievements and setbacks. Tracking helps you stay motivated by showing the progress you've made over time.
5. **Surround Yourself with Growth-Oriented People:** The people you interact with can influence your mindset. Surround yourself with those who encourage growth, resilience, and consistency.

Mindset and consistency are two of the most critical factors in achieving long-term success. A growth mindset fuels motivation, resilience, and adaptability, while consistency ensures that you steadily progress toward your goals, regardless of challenges. By cultivating both, you create a powerful combination that can lead to lasting success, whether in personal development, professional pursuits, or any other aspect of life.

BEGINS THE DAY  
WITH A BIG SMILE





# Pitfalls: Overfitting, Underfitting, and Data Interpretation

In the world of financial markets, traders constantly seek patterns and insights from vast amounts of data to inform their decisions. From stock prices to economic indicators, modern traders leverage various tools and techniques to predict future market movements. Among these techniques, quantitative models and algorithmic trading have gained widespread use. However, with these powerful tools come risks, particularly overfitting, underfitting, and poor data interpretation, which can distort the accuracy of market predictions. These pitfalls can lead to faulty trading strategies, resulting in significant financial losses.

Understanding the balance between overfitting, underfitting, and proper data interpretation is essential for traders who rely on quantitative analysis to succeed in the highly competitive financial markets.

## **Overfitting : The Trap of False Patterns**

Overfitting occurs when a trading model becomes too finely tuned to historical data, capturing not just the underlying trends but also the random noise within the dataset. This noise is irrelevant to the actual market dynamics and is unlikely to repeat in future data. By focusing on short-term fluctuations, an overfitted model appears to perform well on historical data but struggles when applied to live markets. For example, a model might predict stock price movements based on hundreds of variables, including irrelevant factors like the weather or unrelated economic indicators. By including these irrelevant variables, the model fits the historical data very closely. However, when tested in real-world trading, where these specific conditions might not recur, the model's predictions fail, leading to suboptimal or even disastrous trades.

In financial markets, overfitting can lead to:

1. False confidence in a model's predictive ability.
2. Excessive risk exposure as traders assume patterns will repeat when they are mere coincidences.
3. Poor performance in real-time trading, as the model misinterprets noise as meaningful signals.

To avoid overfitting, traders must simplify their models and use cross-validation techniques, which test the model on different subsets of data to ensure its generalizability. Additionally, applying regularisation—a method that penalizes overly complex models—can help maintain the right balance between complexity and accuracy.

## **Underfitting: Missing Out on Key Insights**

At the opposite end of the spectrum is underfitting, where a model is too simplistic and fails to capture the underlying trends and relationships in the data. Underfitting happens when a model is unable to learn from the historical data, leading to inaccurate predictions. This typically results from the use of too few variables or overly simplistic assumptions, ignoring important factors that influence market behavior.

For instance, a trader might develop a model that only considers two variables: past stock prices and moving averages. While these factors are important, limiting the model to such basic data may overlook other critical elements, like interest rates, earnings reports, or geopolitical events. As a result, the underfitted model provides inaccurate or overly generalized forecasts, which can lead to missed opportunities or poor trade execution.

The consequences of underfitting in trading include:

1. Inaccurate market predictions, as important patterns are ignored.
2. Missed trading opportunities, because the model oversimplifies market dynamics.
3. Limited adaptability, as the model struggles to adjust to different market conditions.

To avoid underfitting, traders must ensure that their models incorporate a sufficient range of relevant variables and market conditions. This requires a balance between simplicity and complexity, as well as a solid understanding of the economic forces and market trends that drive asset prices.

## **Striking the Right Balance**

In trading, the key to success lies in finding the right balance between overfitting, underfitting, and pattern fitting. While models and historical data are invaluable tools for predicting market movements, they must be used carefully to avoid falling into these common pitfalls. Traders who rely too heavily on historical patterns or who create models that are either too complex or too simplistic risk making costly mistakes in the fast-paced world of financial markets.

By understanding these challenges and employing strategies like cross-validation, regularization, and a balanced approach to technical analysis, traders can improve their market predictions and increase their chances of success. Ultimately, success in trading requires a combination of technical skill, market knowledge, and the ability to avoid the common pitfalls of overfitting, underfitting, and pattern misinterpretation.



# MetaTrader 5



# METAQUOTES

MetaQuotes, established in 2000, is a highly regarded software development company, primarily known for its trading platforms designed for financial markets. The company has a global presence with offices in many countries, illustrating its international influence and reach in the financial software market. In fact, CMS was among the earliest adopters of Metaquotes technology in the entire industry, bringing it to their traders for a fast and unparalleled user interface and seamless integrations.

One of the key products of MetaQuotes is the MetaTrader 5 (MT5) platform, which is a multi-asset trading platform, allowing trading in Forex, stocks, and futures. This platform is notable for its advanced technological capabilities and is considered a significant step up from its predecessor, the MetaTrader 4 (MT4). MT4, released in 2005, became a

benchmark in the industry due to its innovative architecture and the introduction of the MQL4 programming language, which revolutionized algorithmic trading. MT5, launched in 2010, built on this success, offering enhanced functionality, faster performance, and greater reliability.

MetaQuotes' success is not just in its software products but also in the ecosystem it has built around them. The company has fostered a large community of algorithmic traders through its MQL5.com portal, which is now the world's most prominent community of trading robot developers. This platform offers a variety of services, including social trading, a market for trading applications, and a rich knowledge base. The company's approach to its products and services is marked by a focus on reliability, innovation, and a fair, mutually

beneficial relationship with its customers and partners. This approach has earned MetaQuotes a strong reputation in the financial software industry, making it a trusted partner for hundreds of international companies.

In conclusion, MetaQuotes stands out for its pioneering trading platforms, particularly MetaTrader 4 and 5, its support for algorithmic trading, and its establishment of a vibrant community around its products. These factors contribute significantly to its reputation as a leader in the financial software market.



**CMS was the third company in the world to ever start using MetaQuotes' platform.**

**Increasing Utilization of MT5:** The use of MT5 servers by brokers has risen by 1.5 times compared to the earlier version, MT4. The utilization of MT4 servers has dropped to 36.7%, indicating a shift towards the more advanced MT5 platform. This transition is a result of MetaQuotes' focus on technological advancement and the wide range of opportunities MT5 offers to users, including its ability to handle complex business tasks.

**Preference for Ultra-Low Latencies:** A substantial majority of traders, approximately 86%, prefer ultra-low latencies of less than 4 milliseconds. This preference underscores the importance of high-speed, stable connections for the effective operation of automated trading algorithms, which are crucial in minimizing the risk of price changes occurring before orders reach the server.

**Mobile Platform Users:** MetaQuotes has reached a significant milestone with over 1 million users of its mobile trading platforms, MT4 and MT5. This number, which doubled from 500,000 in just five months, highlights the growing trend of mobile trading and the widespread acceptance of MetaQuotes' platforms among mobile users.

**MQL5 Cloud Network's Capacity:** The MQL5 Cloud Network, a key part of MetaQuotes' ecosystem, has achieved a capacity of 34,000 cores. Over its 10-year operation, it has successfully completed over 12 billion tasks. This network is integral for backtesting trading strategies, indicating the robust computational resources MetaQuotes provides to its users for optimizing trading systems.





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