WEEKLT
NEWSLETTER

Europe's Economic Tightrope: Open Markets Key to Navigating Challenges

DISCOVER
THE UNKNOWN DEPTH OF
FINANCIAL MARKETS

INSIGHTS FROM THIS WEEK'S ANALYTICS REVIEW

EXPLORING THE FINANCIAL DEVELOPMENTS

DELVE DEEPLY INTO THE WORLD OF CRYPTO

Monday 8 April 2024

This NEWSLETTER is targeted towards institutional, professional, and qualified investors, as well as qualified clients.

Context

ICEBERG ANALYTICA

- TikTok Shop: Viral Success Meets Counterfeit Concerns
- The Future of Money: How AI is Reshaping Finance
- OpenAI's Data Dilemma: YouTube Creator Rights
- India's Tech Future: Powered by Tata's Chip Play

ICEBERG FINANCIAL

- Europe: Open Markets for a Balanced Economy
- Million Dollar Warning: US Debt on Unsustainable Path
- China's Economic Crossroads
- Tokyo Boom: Hedge Funds Face Bull Market Shock
- Copper Crunch Looms? Prices Soar as Smelters Mull Cuts

ICELAB

- Crypto for All: Stablecoins Fight Exclusion
- Alert Fatigue Over? AI Upends Web3 Security
- Can Telegram Cash In? Debt and Privacy Cloud IPO Ambitions
- Bitcoin Surges, Ether Falters: Is Crypto Mania Fading?

CHARTS

- Monetary policy and inflation trends
- The Sahm rule and US recession risk
- UK utility bill payment failures

USD vs. Major Currencies

Name	Change	Change %	1 Month	YTD	1 Year	3 Years	Day Range		
Australian Dollar	0.0019	0.13%	-1.17%	3.48%	2.51%	15.62%	1.51699	1.52718	1.4
British Pound	0.00015	0.02%	0.37%	0.83%	-1.12%	9.36%	0.79064	0.79548	0.7
Canadian Dollar	0.0047	0.35%	-0.08%	2.46%	0.95%	7.94%	1.3538	1.3647	1
Chinese Renminbi ("Yuan")	-0.0025	-0.03%	0.58%	1.76%	5.54%	10.28%	7.2388	7.2545	6
Euro	-0.00011	-0.01%	0.17%	1.87%	1.06%	8.56%	0.92191	0.92678	0.8
Japanese Yen	0.28	0.19%	0.49%	7.23%	14.87%	36.65%	150.80	151.74	13
Swiss Franc	0.00047	0.05%	1.91%	7.23%	-0.35%	-4.23%	0.8996	0.907	0.8

- Towards the end of the week, the US Dollar staged a recovery, breaking a three-day decline and surpassing the 104.00 level according to the US Dollar Index (DXY). The index also moved further away from its critical 200-day Simple Moving Average (SMA), suggesting a potential continuation of the bullish trend, at least in the short term. This upward movement was largely driven by another strong performance in the US labor market for March, with the economy adding 303,000 jobs, the Unemployment Rate improving to 3.8%, and Average Hourly Earnings rising by 4.1% over the last twelve months.

- Despite the positive labor market data, US money markets saw minimal changes throughout the week, with yields fluctuating but ultimately ending the week close to where they started. The cautious tone from various Fed speakers contributed to the Dollar's performance, as they emphasized the strength of the economy and the persistence of inflationary pressures. Fed Chairman Jerome Powell reiterated that there was no rush to lower interest rates and highlighted the need for careful consideration given the economic conditions.

- Several Fed officials expressed differing views on the trajectory of interest rates, with Atlanta Fed President Raphael Bostic expecting only one rate cut this year, likely in the fourth quarter. Others, like Austan Goolsbee of the Federal Reserve Bank of Chicago and Loretta Mester of the Federal Reserve Bank of Cleveland, highlighted concerns about inflation, particularly in the housing services sector. Minneapolis Federal Reserve Bank President Neel Kashkari suggested that while he initially anticipated two rate cuts in 2024, low inflation might render them unnecessary. Despite these varying opinions, the FedWatch Tool indicates a 58% chance of a 25 basis points reduction in June, reflecting market uncertainty regarding the future direction of interest rates.

Energy

Name	Symbol	Today	1 Month	YTD	1 Year	3 Years	Day Ra	
Oil	USO	0.16%	11.16%	23.44%	17.08%	96.63%	82.12	83.25
Brent Oil	BNO	0.21%	10.83%	22.15%	18.05%	104.54%	33.33	33.78
Natural Gas	UNG	-0.20%	-13.87%	-26.53%	-43.65%	-61.60%	14.82	15.25
Gasoline	UGA	-0.27%	8.60%	20.00%	17.28%	126.21%	72.53	73.47

- Oil prices rose on Friday, with Brent crude reaching $91.17 and WTI crude reaching $86.91 per barrel. These prices are near their highest levels since October due to concerns about potential supply disruptions.

- Geopolitical tensions played a major role. The ongoing conflict between Israel and Iran, a critical OPEC member, escalated after a recent attack on Iran. This raised concerns about potential direct conflict that could disrupt oil supplies from the Middle East. Additionally, ongoing attacks on Russian refineries by Ukraine further tightened the market, potentially impacting over 15% of Russia's production capacity.

- While the Organization of the Petroleum Exporting Countries (OPEC) and its allies (OPEC+) decided to maintain current production quotas, stricter enforcement of these quotas by member countries could lead to a decrease in overall output in the second quarter. This, combined with the ongoing supply disruptions, fueled market anxieties and pushed prices higher.

- Despite the supply concerns, the outlook for oil demand remains positive. Strong US job growth in March points towards robust demand for oil in the coming months. However, this economic strength might also delay anticipated interest rate cuts by the Federal Reserve, potentially impacting future oil demand and prices in a complex way.

Metals

Name	Symbol	Today	1 Month	YTD	1 Year	3 Years	Day Ra	
Palladium	PALL	-1.67%	6.06%	-7.16%	-30.42%	-62.46%	90.65	92.63
Gold	GLD	1.71%	7.91%	10.64%	12.52%	30.58%	212.22	215.74
Platinum	PPLT	-0.15%	3.50%	-6.14%	-9.70%	-24.65%	84.25	85.73
Silver	SLV	2.20%	12.03%	12.44%	6.62%	5.79%	24.39	25.14

- Gold maintained its upward trajectory throughout the week, experiencing robust gains, particularly in the first three days. The USD struggled to find demand on Monday, allowing Gold to push higher, supported by slightly softer-than-forecast PCE Price Index data. Despite a rebound in the USD later in the week following positive ISM Manufacturing PMI figures, Gold continued its rally, bolstered by a decline in the Prices Paid Index, indicating softer input inflation in the service sector. However, a technical correction ensued on Thursday as hawkish comments from Fed officials strengthened the USD, briefly halting Gold's momentum.

- The technical correction on Thursday was prompted by remarks from Fed officials expressing doubt about the necessity of rate cuts in the face of stagnant inflation. Despite strong labor market data released on Friday, which typically strengthens the USD, Gold remained resilient, advancing beyond $2,310. Notably, Gold's usual inverse correlation with US Treasury bond yields weakened throughout the week, with Gold continuing to rise even as bond yields climbed. Escalating geopolitical tensions, including Iran's pledge to retaliate against Israel and speculation about China replacing US Treasury bonds with Gold in its reserves, contributed to Gold's upward momentum.

- The week ahead may see Gold's valuation influenced by US inflation data, which could shape market expectations regarding the Federal Reserve's interest rate outlook. Additionally, developments in geopolitical tensions and potential shifts in central bank reserve policies, such as China's reported increase in Gold reserves, may continue to impact Gold prices. However, the extent of these influences remains uncertain, underscoring the importance of closely monitoring economic indicators and geopolitical developments for insights into Gold's future movements.

• TikTok Shop: Viral Success Meets Counterfeit Concerns

- TikTok Shop's rise highlights the power of virality for sales, but faces challenges with counterfeit goods and rising seller fees.
- The rise of TikTok Shop as an e-commerce platform has been marked by both success and challenges, showcasing the power of virality in driving sales while also highlighting concerns about counterfeit products and rising fees for sellers.
- Tokyo's live promotion of GuruNanda's pulling oil on TikTok underscores the platform's potential as a sales channel, with the product becoming a best-seller and generating millions in revenue. However, the product's lack of proven medical benefits raises questions about the efficacy of items sold through TikTok Shop.
- Despite these concerns, TikTok Shop has seen significant growth, with projected annual revenue reaching billions of dollars. The platform's success is fueled by inexpensive and often novelty products, ranging from air fresheners to health supplements, which resonate with TikTok's predominantly young user base.
- However, the platform's popularity has also attracted counterfeit products, posing challenges for both consumers and brands. While TikTok claims to enforce strict rules against counterfeit goods, the prevalence of knockoff items remains a concern for larger companies wary of associating with the platform.
- Furthermore, rising fees for sellers on TikTok Shop present another hurdle to its growth. The increase in referral fees may deter some sellers from participating, potentially impacting the platform's revenue and market reach.
- Despite these challenges, TikTok Shop continues to expand, with efforts to combat counterfeit products and attract reputable brands. Live broadcasts, though costly and labor-intensive, have become a strategy for brands like GuruNanda to maintain visibility and authenticity in a crowded marketplace.
- Ultimately, TikTok Shop's success hinges on its ability to address these challenges while capitalizing on its viral nature and appeal to a young, engaged audience. As the platform evolves, it will need to strike a balance between driving sales and maintaining trust and credibility among consumers and brands alike.

• AI Revolutionizes Finance: Streamlining Services and Personalizing Experiences

- Artificial intelligence is rapidly changing the financial landscape, with AI-powered systems automating tasks, personalizing experiences, and boosting security in areas like fraud detection and loan processing.

- The introduction of artificial intelligence (AI) has catalyzed a transformation in the financial services sector, a domain known for its continuous technological innovation and adoption. AI-powered systems are revolutionizing finance by promoting more efficient transaction and payment solutions, enhancing fraud prevention measures, and fostering greater interconnectivity among traditional banks, corporations, organizations, and enterprise leaders.

- With big banks and lenders investing billions into AI applications, the financial landscape is witnessing a significant shift. Recent research estimates indicate that financial leaders in the payment market are expected to spend over $85 billion on generative AI applications by 2030, according to UK-based Juniper Research. This substantial investment underscores the industry's recognition of the potential benefits of integrating AI into financial services.

- By leveraging AI, financial service providers can streamline their operations, offer more personalized experiences to clients, gain deeper insights into market trends, and compete more effectively in a rapidly evolving environment. As banks and lenders transition towards an AI-centric strategy, it becomes imperative for industry leaders to comprehend the role AI will play across their business models, ensuring the long-term success and development of their organizations.

- AI's impact on fintech and finance spans various domains:

- Transaction Automation: AI enables the automation of customer and business touchpoints, reducing the need for human intervention and minimizing repetitive tasks.

- Predictive Data Analytics: Fintech firms employ predictive analytics to discern consumer spending patterns and transaction fluctuations, leveraging AI for market insights and tailored offerings.

- AI-Powered Customer Experience: AI-driven personalized messaging, recommendations, and product offerings optimize customer engagement.

- Digital Risk Management: AI facilitates more effective risk assessments, reducing fraud and money laundering risks.
- Automated Trading and Decision-Making: AI applications, including robo-advisors, offer access to capital markets and facilitate data-driven decision-making.

- Efficient Underwriting Process: AI algorithms analyze market patterns and customer data, expediting credit assessments and improving loan processing.

- Fraud and Money Laundering Detection: AI enables real-time fraud detection through natural language processing, enhancing transaction security and effectiveness in digital infrastructure for banks and financial service providers.

- As the financial industry embraces AI, ongoing projects and advancements continue to pave the way for an AI-centric environment that prioritizes effective, accurate, and compliant activities. With the right set of AI-powered tools, the financial ecosystem is poised to undergo a transformative evolution, offering enhanced services and experiences to clients worldwide.

YouTube CEO Warns OpenAI Over Creator Rights in AI Training Data

- YouTube CEO Neal Mohan raises concerns about OpenAI's potential use of YouTube videos to train its AI models, citing a violation of platform terms of service and creator rights.

- Neal Mohan, CEO of YouTube, addressed concerns about the use of YouTube videos to train OpenAI's text-to-video generator, Sora, stating that such usage would violate YouTube's terms of service. Mohan emphasized that creators upload their content with certain expectations, including adherence to platform rules that prohibit downloading transcripts or video clips for unauthorized purposes. While Mohan acknowledged that he lacked direct knowledge of whether OpenAI had utilized YouTube videos for training, he underscored the importance of respecting creators' rights and platform policies.

- The debate surrounding OpenAI's training data for AI models like Sora has sparked public interest, as these tools rely on diverse web content to generate new media forms. Mohan highlighted the race among tech companies, including Google and OpenAI, to leverage vast datasets to enhance AI capabilities. However, Mohan emphasized the necessity of abiding by content usage guidelines, particularly regarding user-generated videos sourced from platforms like YouTube, Facebook, and Instagram.

- While OpenAI has not responded to inquiries regarding the training data for Sora, recent reports suggest discussions about potentially utilizing transcriptions of public YouTube videos for training GPT-5, OpenAI's next-generation large language model. Mohan indicated that Google, as YouTube's parent company, respects individual licensing contracts with creators and ensures compliance with platform terms of service when using videos for training its own AI models like Gemini. He emphasized the importance of alignment with creators' contractual agreements before incorporating their content into AI training datasets.

- Mohan's remarks underscore the complex ethical and legal considerations surrounding the use of online content for AI development. As technology advances, ensuring transparency, consent, and compliance with platform policies remains critical to maintaining trust and accountability within the digital ecosystem.

Tata Makes Big Bet on Chip Manufacturing, Leading India's High-Tech Push

- The Tata Group invests $14 billion in two Indian semiconductor factories, aiming to become a major player in chip production under Chairman Natarajan Chandrasekaran.
- The Tata Group, led by Chairman Natarajan Chandrasekaran, is embarking on a significant venture in semiconductor manufacturing, breaking ground on two semiconductor factories in Gujarat and Assam, India. With an investment of $11 billion in Gujarat and $3 billion in Assam, these projects aim to contribute to India's vision of becoming a high-tech manufacturing hub. The partnership with Powerchip Semiconductor Manufacturing Corporation of Taiwan in Gujarat and Tata's solo endeavor in Assam demonstrate Tata's ambitious growth plans under Chandrasekaran's leadership.
- Chandrasekaran took over Tata Sons in 2017 when the conglomerate was struggling with mismanaged acquisitions and failed ventures. Through restructuring efforts, he streamlined the business into focused entities, leading to notable successes like the transformation of Tata Motors' Nexon model into a popular electric vehicle and the turnaround of the group's hotel and airline subsidiaries. This success has boosted Tata's market value and reduced its debt-to-income ratio, providing the financial strength to explore new ventures like semiconductor manufacturing.
- The decision to enter the semiconductor industry reflects India's evolving industrial landscape under Prime Minister Narendra Modi, who aims to attract chip production to India. Despite past failures in domestic chipmaking initiatives, the current government's support, including substantial capital investment in chip factories, has spurred private sector participation. Tata's substantial capital expenditure plans, including $90 billion over five years, underscore its commitment to semiconductor manufacturing, spanning from design to packaging.
- While some critics question India's ability to compete in chip manufacturing, Chandrasekaran remains optimistic, citing growing domestic demand and Tata's capability to execute large-scale projects efficiently. The Assam factory, scheduled to start production in 2025, has already secured contracts for 70% of its capacity, indicating strong market interest. Despite skepticism, Tata's semiconductor venture presents a bold opportunity for India's industrial development and Tata's expansion into high-tech manufacturing.

ICEBERG FINANCIAL

Europe's Economic Tightrope: Open Markets Key to Navigating Challenges

- The European economy faces headwinds from war, cheap imports, and potential US protectionism. The solution lies in open markets, targeted investments, and internal reforms, not succumbing to a trade war.
- The European economy finds itself facing significant challenges and uncertainties, exacerbated by external shocks and internal structural issues. The aftermath of Russia's invasion of Ukraine, coupled with a surge of cheap imports from China and potential threats of protectionist measures from the United States, pose formidable obstacles to Europe's growth prospects.

- Europe's response to these challenges requires careful consideration to avoid exacerbating the damage. While the energy shock may have passed its peak, other challenges loom, including the impact of China's subsidy-driven manufacturing expansion and the looming possibility of trade wars initiated by a return of Donald Trump to the White House.

- To navigate these turbulent waters, European policymakers must avoid tightening economic policies excessively, particularly given the vulnerability of the economy. Instead, there is room for central banks to implement interest rate cuts to support growth, given the cooling effect of budgetary measures and the downward pressure on inflation from cheap Chinese imports.

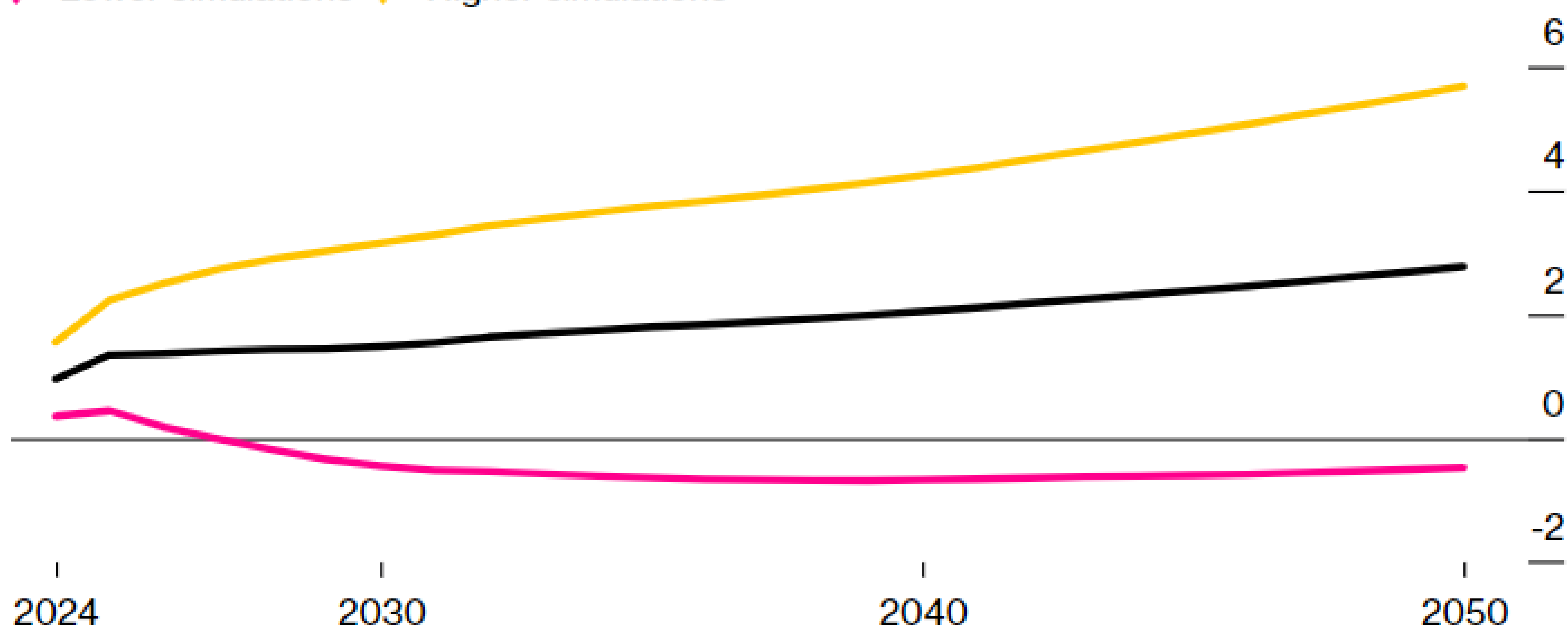
- Emulating the protectionist policies of the United States and China through excessive subsidies or tariff retaliation would be counterproductive. Instead, Europe should pursue its own economic agenda tailored to its needs. Investing in infrastructure, education, and research and development can stimulate growth and enhance competitiveness. Furthermore, integrating the European market for services, reforming regulations, and unifying capital markets would foster innovation and job creation.

- Rather than succumbing to protectionism, Europe should embrace open markets and pursue trade deals to bolster its economy. Strengthening electricity grids and promoting green energy transitions can enhance resilience and sustainability in the face of energy shocks.

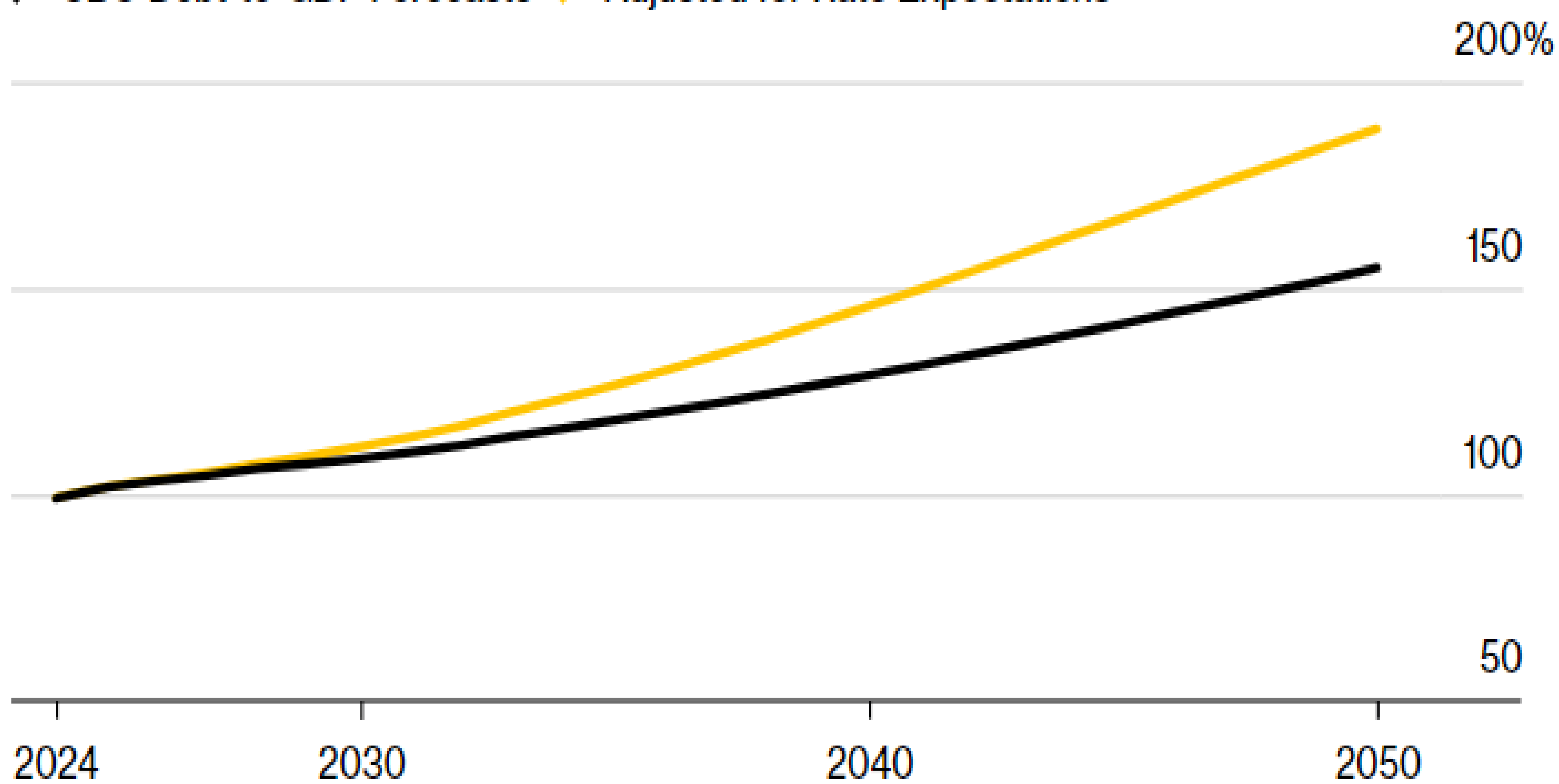
- In a protectionist global environment, Europe's commitment to deep, open markets may appear idealistic. However, it is precisely these principles that have the potential to drive growth and prosperity amid evolving global dynamics. As policymakers confront the challenges ahead, maintaining a steadfast focus on open economic principles will be essential to navigating the complexities of the modern world.

Million Dollar Warning:
US Debt on Unsustainable Path

- The Congressional Budget Office (CBO) has issued a dire warning in its latest projections regarding the trajectory of US federal government debt. According to the CBO, the debt is projected to soar from 97% of GDP last year to a staggering 116% by 2034—an alarming figure that surpasses even the levels seen during World War II. However, the actual outlook may be even bleaker than these projections suggest.
- The CBO's forecasts, released earlier this year, rely on assumptions that many view as overly optimistic. For instance, they assume relatively modest levels of GDP growth, inflation returning to 2%, and interest rates gradually decreasing from current levels. But if we factor in the market's current expectations regarding interest rates, the debt-to-GDP ratio could climb even higher, reaching 123% by 2034. Moreover, assuming that former President Donald Trump's tax cuts remain largely intact—as many in Washington anticipate—the debt burden would further increase.



- In response to these concerning projections, the Biden administration has proposed a budget featuring significant tax hikes on corporations and wealthy Americans. Treasury Secretary Janet Yellen has emphasized the importance of reducing deficits and maintaining fiscal sustainability. However, achieving these goals would require cooperation from a deeply divided Congress.
- Republicans advocate for deep spending cuts to address the growing deficit, though they have not specified which areas of spending would be targeted. Democrats, on the other hand, argue that spending is not the primary driver of the debt crisis, pointing instead to factors like interest rates and tax revenues. Both parties are reluctant to make significant changes to major entitlement programs.
- Unfortunately, it may take a crisis—such as a disorderly sell-off in the Treasuries market or a depletion of trust funds—to compel action from policymakers. Last summer provided a glimpse of how such a crisis might unfold, with a downgrade of the US credit rating and an increase in long-term Treasury debt issuance leading to a spike in benchmark yields.
- Looking ahead, there are growing concerns about the sustainability of US debt levels. Federal Reserve Chair Jerome Powell has warned that the current path is "unsustainable," while prominent figures from across the political spectrum have expressed alarm about the nation's deficits. However, reaching a consensus on fiscal policy remains a formidable challenge.
- In the face of uncertainty, economists have run simulations to gauge the range of possible outcomes for debt sustainability. These simulations paint a sobering picture, with some scenarios suggesting that the debt-to-GDP ratio could exceed 139% by 2034—a level higher than crisis-prone Italy's debt ratio last year.



China's Economic Crossroads: President Xi's Ambitious Reshaping

- As China grapples with unprecedented economic challenges, President Xi Jinping's ambitious plan to restructure the economy blends techno-utopianism with central planning, yet faces contradictions and risks that could reshape global dynamics.

- China is facing its most significant economic challenges since the era of Deng Xiaoping's reforms. Despite achieving 5% growth last year, the foundations of China's economic success are showing signs of strain. The workforce is shrinking, the property market is experiencing a sharp downturn, and global trade dynamics are shifting unfavorably for China. In response, President Xi Jinping is pursuing an ambitious plan to reshape the Chinese economy, blending techno-utopianism, central planning, and a focus on security.
- However, this strategy is fraught with contradictions and risks. While aiming to dominate future industries, it may disappoint the Chinese people and provoke backlash from the international community. The plan prioritizes state-driven investment in advanced manufacturing industries to create high-productivity jobs and ensure self-sufficiency. Yet, it neglects consumer spending and relies heavily on subsidies and state direction, raising concerns about market distortions and inefficiencies.
- Despite the scope of the plan and massive investment, it overlooks key economic fundamentals. Weak consumer demand remains a significant issue, exacerbated by the property slump. Mr. Xi's reluctance to stimulate consumer spending reflects his austere mindset but risks further dampening economic activity. Additionally, China's reliance on exports, particularly in a protectionist global environment, presents challenges as major trading partners like the United States and Europe tighten restrictions on Chinese imports.
- Furthermore, the plan's impact on entrepreneurship is concerning. Entrepreneurial dynamism, crucial for China's economic growth over the past decades, is being stifled by regulatory unpredictability and fears of government crackdowns. Without a vibrant entrepreneurial sector, innovation could suffer, and resources may be misallocated.
- The consequences of persisting with this strategy could be dire. China risks economic stagnation, reminiscent of Japan's experience in the 1990s, which could have far-reaching implications for global trade and geopolitical tensions. Despite these evident flaws, President Xi appears undeterred, prioritizing national security concerns over economic prosperity and disregarding dissenting voices within China.
- Ultimately, China's current trajectory under Mr. Xi's leadership represents a departure from the openness to economic reform seen in previous decades. The shift towards centralization and prioritization of national security imperils China's economic prospects and carries significant ramifications for the global economy and geopolitics.

Tokyo's Soaring Stocks Challenge Hedge Funds Used to Stagnant Japan

- Japan's stock market boom catches hedge funds off guard, as shareholder pressure, buybacks, and global interest fuel a momentum rally.
- The Tokyo stock market's recent surge to near all-time highs poses challenges for some of the world's largest hedge funds, as Japan's equity market experiences a remarkable transformation. After decades of stagnation and weariness following the burst of the late-1980s bubble, Japan's stock market is now characterized by its positive trajectory and narrative. Factors such as share buybacks, new merger rules, successful activism, and pressure for improved returns have contributed to this newfound optimism.
- Traditionally, Japan's market was known for its tendency to revert to the long-term mean, making it attractive to hedge funds employing long-short strategies. However, over the past 18 months, the market has become momentum-driven, posing difficulties for maintaining neutrality in portfolios. This shift has challenged many multi-manager platforms accustomed to relying on Japan's market dynamics for their strategies.
- Shareholder activism and the fear of activism are influencing stock prices in Japan, leading companies to proactively reward shareholders through asset sales and buybacks. This proactive approach adds uncertainty for hedge funds engaged in short-selling, as previously underperforming companies may suddenly see their shares rise due to shareholder-friendly actions.
- The influx of big, long-only money into the Japanese market, driven by factors such as improving governance standards and exposure to global growth, is further complicating the landscape for traditional hedge funds. Momentum-chasing global investors, who previously favored China, are now turning their attention to Japan, amplifying the momentum effect in the market. This shift reflects a broader change in mindset towards growth and positive news, contrasting with the zero-sum approach traditionally favored by many long-short platforms.

• Copper Prices Rising, Smelter Cuts and Global Supply Tightness

- Copper prices are expected to climb due to production cuts by Chinese smelters and a looming deficit in global copper concentrate supplies.
- Copper prices surged above $9,000 per ton, marking their highest level in a year following months of relatively stable trading. The rally was sparked by news that major copper smelters in China have committed to reducing output in response to tightening conditions in the copper ore market.
- This move comes amid a significant decline in spot treatment and refining charges, which fell to record lows. Spot charges in China plummeted to $9.40 per ton, representing an over 80% drop since the beginning of the year. Treatment and refining charges are crucial indicators for copper's future trajectory, typically decreasing in response to a tightening supply of concentrates.
- The drop in treatment charges not only reflects a constrained concentrates market but also reflects the rapid expansion of copper smelter capacities in China. This expansion is driven by China's strategic imperative for copper amid increasing demand from the green energy sector. Last year, China's production of refined copper surged by 13.5% year-on-year to 12.99 million tonnes, highlighting the nation's growing appetite for the metal.
- However, despite the tightening market conditions, there are signs of muted demand in China, as evidenced by the recent increase in Shanghai Futures Exchange (SHFE) copper inventories to their highest level since 2020. The extent and effectiveness of the pledged smelter curbs by major Chinese smelters will be closely monitored to assess their impact on the market.
- Furthermore, global copper market dynamics are also tightening, with supply setbacks at mines worldwide contributing to an expected deficit in copper concentrates this year. Additionally, operational copper mines are approaching their peak production levels due to declining ore grades and reserve depletion.
- In Chile, home to the world's largest copper mine, Escondida, production levels are expected to decline by at least 5% by 2025. Similarly, Codelco, the world's largest copper supplier, is facing challenges in returning production to pre-pandemic levels due to aging assets and declining ore grades.
- As a result of tightening market conditions, copper-concentrate supply contracts for 2024 have seen processing charges set 9% lower than in the previous year. Moreover, while the global refined copper market was initially expected to be balanced this year, the supply shortfall in mine output suggests a potential deficit.
- Looking ahead, copper prices are anticipated to rise, particularly in the second quarter, which is traditionally the strongest period for copper demand. However, the market remains susceptible to macroeconomic factors such as US interest rates and Chinese economic policies, which could introduce volatility. Nonetheless, the long-term outlook for copper remains positive, driven by increasing demand

Crypto Refuge: Stablecoins Empower Marginalized Groups Facing Financial Exclusion

- Cryptocurrencies, especially stablecoins, offer censorship-resistant access to financial services for those targeted by traditional banks and payment processors.
- Cryptocurrencies, especially stablecoins, empower individuals by mitigating the risks associated with arbitrary decisions by banks and payment processors. Traditional financial institutions hold the power to close accounts based on subjective criteria, even when the activity itself is legal. For examples, individuals like Sofia Garcia, whose art-related crypto transactions triggered a bank closure, and Allie Eve Knox, a sex worker who turned to crypto after being deplatformed from mainstream payment systems.
- This potential for financial exclusion disproportionately impacts marginalized groups. Cryptocurrencies offer an alternative financial infrastructure that is censorship-resistant and accessible globally. Stablecoins, unlike other cryptocurrencies with volatile prices, are pegged to traditional currencies like the US dollar, offering a measure of stability for financial holdings.
- The ease of use and borderless nature of crypto transactions proved invaluable during humanitarian crises like the Ukraine war, where fundraising efforts utilized crypto to bypass limitations imposed on traditional financial channels. Similarly, a crypto campaign is currently underway to assist civilians evacuating war-torn Gaza.
- It is argued that crypto as a tool for marginalized communities. It proposes crypto, particularly stablecoins, as a means for everyone to build "antifragility" against the uncertainties of traditional finance. By diversifying into crypto, individuals gain a layer of protection from the unpredictable nature of financial institutions and ever-evolving regulations. This financial resilience can safeguard individuals from unexpected hardships caused by arbitrary decisions from banks and payment processors.
-

Web3 Security: Beyond Alerts - New AI-powered Solutions Emerge to Combat DeFi Hacks

- With DeFi hacks on the rise, a new generation of Web3 security firms is leveraging AI to offer proactive protection against cyberattacks.

- The emergence of a new crypto bull market has reignited a flurry of attacks on decentralized finance (DeFi) protocols, signaling a renewed focus on Web3 security. Despite a relatively quiet year prior, security firm Halborn reported 11 hacks in March alone, resulting in losses exceeding $100 million. However, as we navigate the evolving landscape of Web3 security, questions arise: must it still be this way in 2024?

- The explosive rise of DeFi in 2020 shattered the notion of "not your keys, not your crypto," as vulnerabilities in decentralized protocols proved just as enticing to hackers as centralized exchange wallets. In response to a wave of attacks, the industry began adopting improved standards, such as employing code libraries and independent auditors to identify weaknesses.

- Yet, while strides have been made, Web3 security still lags behind the comprehensive and strategic approach seen in the Web2 sphere. Unlike Web2, which can rely on response-focused security measures such as rolling back events and shutting down centralized servers, Web3 operates under a different paradigm. Its decentralized nature presents unique challenges, requiring a shift in mindset and approach to cybersecurity.

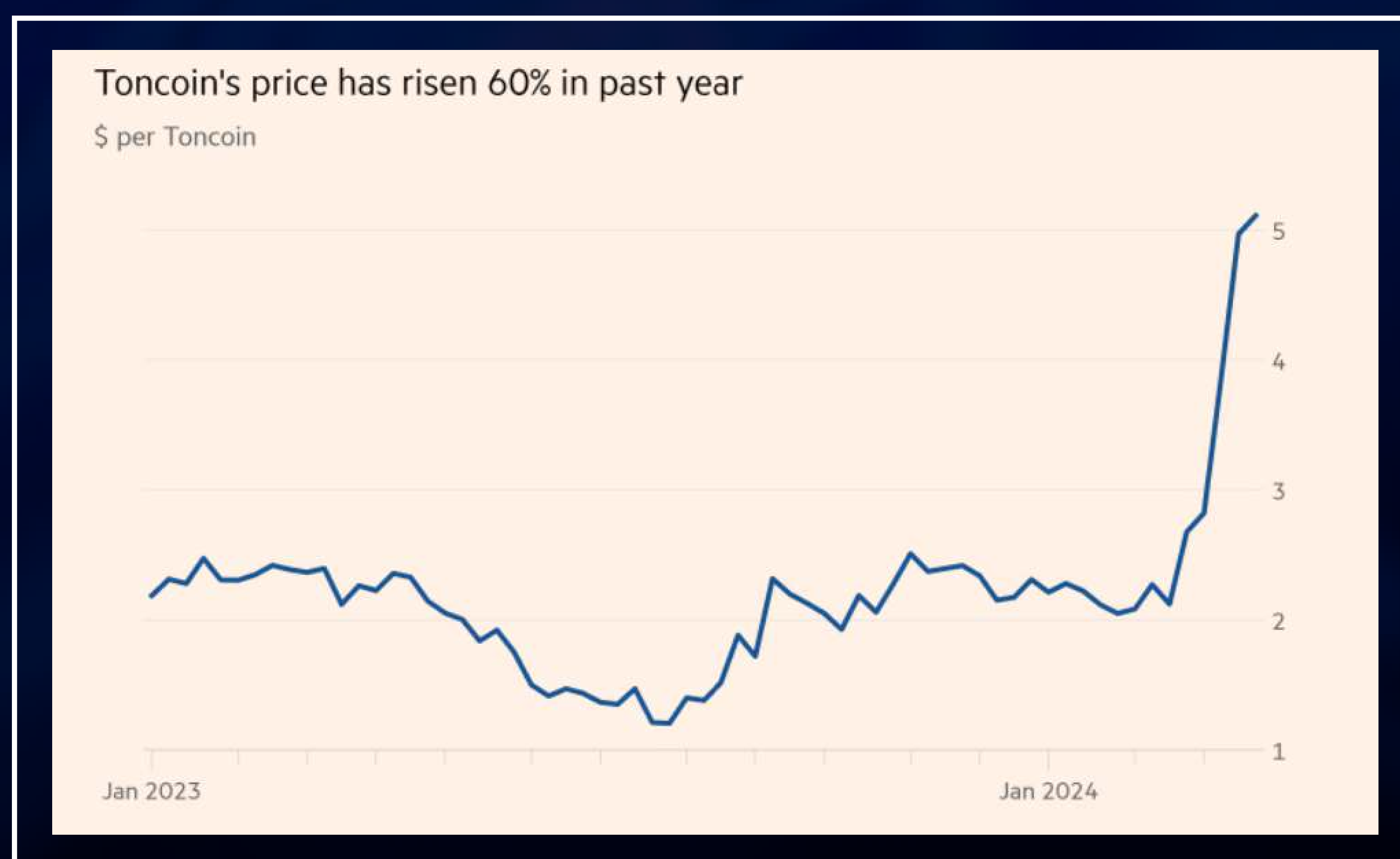
- However, amidst the evolving landscape, signs of progress are emerging, particularly in cyber-centric hubs like Tel Aviv. Here, a new generation of Web3 security firms is leveraging advanced technologies to combat the growing threat of cyberattacks. Omri Lahav of Blockfence highlighted the need for a different approach in Web3, given its distinct challenges and attack vectors. These firms are harnessing AI and leveraging vast quantities of on-chain data to enable real-time monitoring and threat response.

- One key aspect of this new approach is proactive protection. In a decentralized environment where smart contracts execute automatically, traditional alert-based systems may not suffice. Oren Fine, co-founder and CTO at SphereX, shared a case study demonstrating the effectiveness of on-chain protection solutions in preventing smart contract exploits. By actively hardening code and blocking malicious transactions before they are finalized, these solutions offer a proactive defense against attacks.

- While this new generation of "intelligent" Web3 security is still emerging, it is sorely needed in light of the recent uptick in attacks. As analysts predict further growth in the crypto markets and funds continue to flow into DeFi, the demand for these innovative tools and methods is expected to rise. Moving forward, it will be intriguing to see how the industry evolves to meet the ever-changing cybersecurity landscape of Web3.

Secretive Telegram Eyes IPO to Fund Growth, But Debt and Privacy Concerns Linger

- Messaging app Telegram raises debt, eyes IPO to break even, but faces challenges around user privacy, founder control, and justifying a $30 billion valuation.
- Telegram, the secretive messaging app, is edging closer to breaking even and potentially going public, leveraging the possibility of an IPO to secure favorable borrowing terms. Co-founder Pavel Durov, known for his anti-surveillance stance, has used his private wealth to fund Telegram and aims to maintain control over the company. Opting for debt financing over equity fundraising allows him to avoid diluting ownership, although it increases the company's overall expenses with added interest.
- In a recent bond sale, Telegram raised $330 million, bringing its total debt financing since 2021 to $2.3 billion. The potential IPO is used as an incentive, with bonds convertible to equity at a discount to the IPO price if a listing occurs by March 2026. However, details backing up Telegram's touted $30 billion valuation remain sparse, raising questions about investor demand and the company's financial standing.
- Founded by Durov in 2013, Telegram's origin story is intertwined with his exile from Russia after refusing to share data with the country's security agency. This backstory reinforces Telegram's commitment to privacy and security online. Going public would necessitate greater disclosure and potentially alter the power structure, although Durov could retain voting control through dual class shares.
- Monetizing messaging apps is challenging, as users resist intrusive advertisements in private messages. Telegram, despite generating "hundreds of millions of dollars" in annual revenue through digital ads, crypto payments, and premium subscriptions, is not yet profitable. Server costs remain significant, with Durov citing expenses of less than 70 cents per user annually, exceeding revenue.
- While selling tokens linked to its blockchain project, Toncoins, could have funded Telegram's endeavors, regulatory hurdles led to its abandonment. Nonetheless, Telegram still supports Toncoin use, with its price increasing approximately 60% in the past year. The prospect of an IPO proves lucrative, both financially and strategically, for Telegram amidst its quest for sustainability and profitability.



Bitcoin Outshines Ether, Signaling Potential Cooling in Crypto Market

- Rising Bitcoin dominance over Ether suggests a potential shift in investor sentiment, with a move away from riskier assets in the crypto market.

- The recent surge in a ratio comparing the price of Bitcoin, the leading digital asset, with that of Ether, the second-ranked cryptocurrency, suggests a potential shift in sentiment within the crypto market. This ratio, which reached its highest level since April 2021, indicates stronger demand for Bitcoin compared to Ether, reflecting a possible decline in risk appetite among investors.

- According to analysis from QCP Capital, this trend may signal a transition from "fear of missing out" (FOMO) to outright "fear" in the crypto market, particularly if Ether is seen as a barometer for sentiment toward smaller tokens.

- Bitcoin recently reached a record high of $73,798 in mid-March, driven by significant inflows into dedicated US exchange-traded funds introduced earlier in the year. However, the token has since retraced about 9% as demand for ETFs cooled. In contrast, a gauge of smaller digital assets has experienced a more pronounced decline of around 20% over the same period.

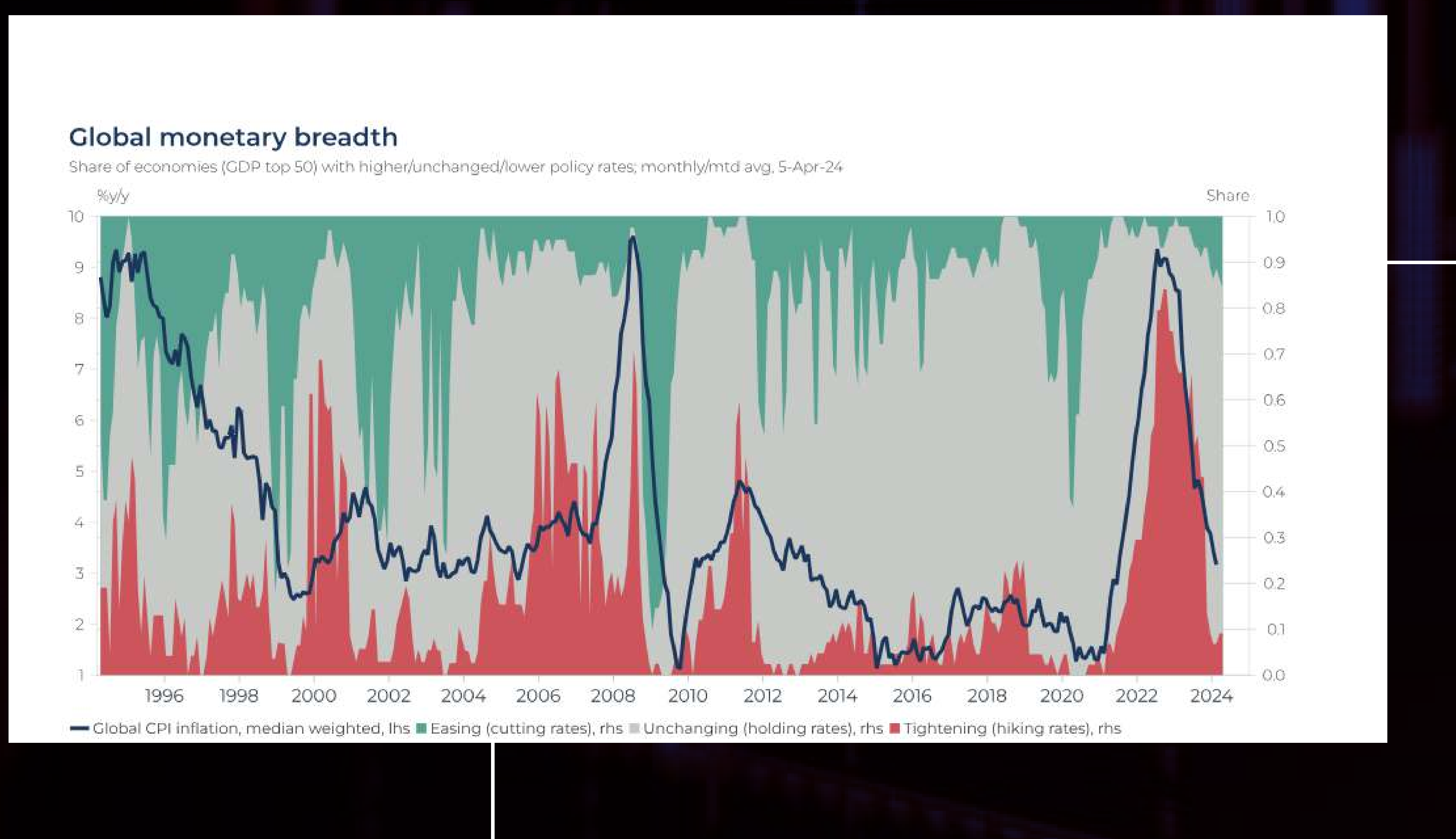
- Beyond the crypto sphere, analysts at Stifel Nicolaus & Co., including Barry Bannister, suggest that a potential peak in Bitcoin prices could signal a weaker stock market. This correlation underscores the interconnectedness between cryptocurrency markets and broader financial sentiment.

- Meanwhile, crypto traders are awaiting the Bitcoin halving event, which occurs approximately every four years and reduces the rate of new supply of the token. However, doubts have emerged regarding whether this event will continue to serve as a bullish catalyst for Bitcoin prices.

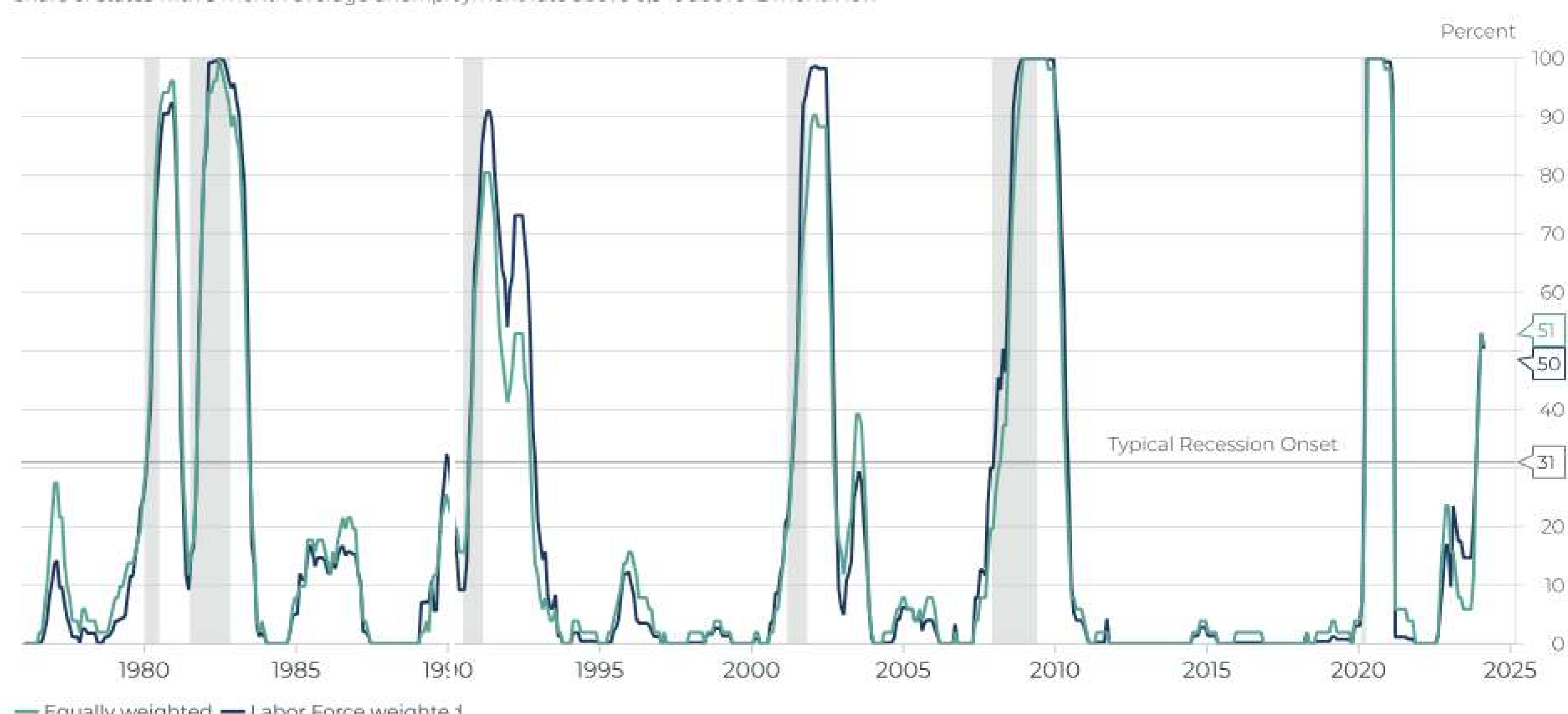
- As of the latest update, Bitcoin was trading at $66,940, representing a 1.5% decline, while Ether saw a similar decrease to $3,278. Other major cryptocurrencies also experienced losses in line with the broader market trend.

CHARTS

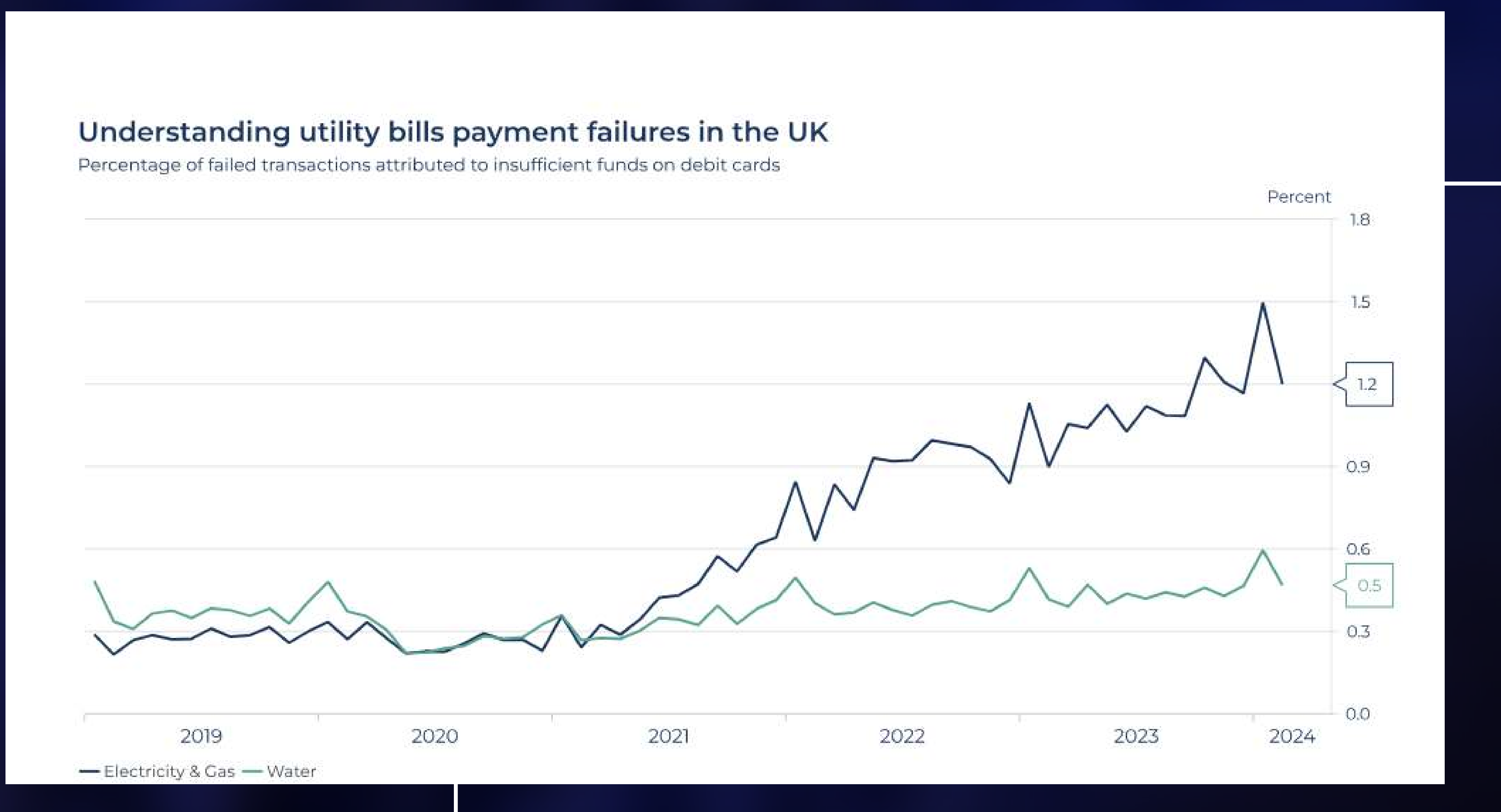
- The relationship between inflation trends and global monetary policy is seen in this graphic. The percentage of economies with policy rates that are higher, lower, or stable from the previous month is known as the global monetary breadth.
-
- Monetary tightening has been muted as global inflation moderates but stays high, a reflection of central banks' cautious approach to managing the economy's recovery following the pandemic. Concurrently, there has been a discernible shift in favor of monetary easing, suggesting that policy may soon shift to one that is more accommodating.
-
- This shift in direction could be caused by a number of things, such as the necessity to maintain economic expansion in the face of increased uncertainty across the world and the stabilization of inflation rates closer to target. In order to balance the risks associated with inflation and growth, the majority of central banks are now keeping policy rates at their current levels.
-



- An impending recession is suggested by the Sahm rule, which is based on the US unemployment rate's three-month moving average. When the three-month moving average of the unemployment rate increases by 0.5 percentage points or more in comparison to its low during the preceding 12 months, the rule detects indications associated with the beginning of a recession. Compared to the historical benchmark of 31% associated with recessions, the proportion of states that activate the Sahm rule is currently over 50%. Due to industry-specific vulnerabilities, the concentration of layoffs in industries like technology, finance, and services heightens worries about a potential economic slump.



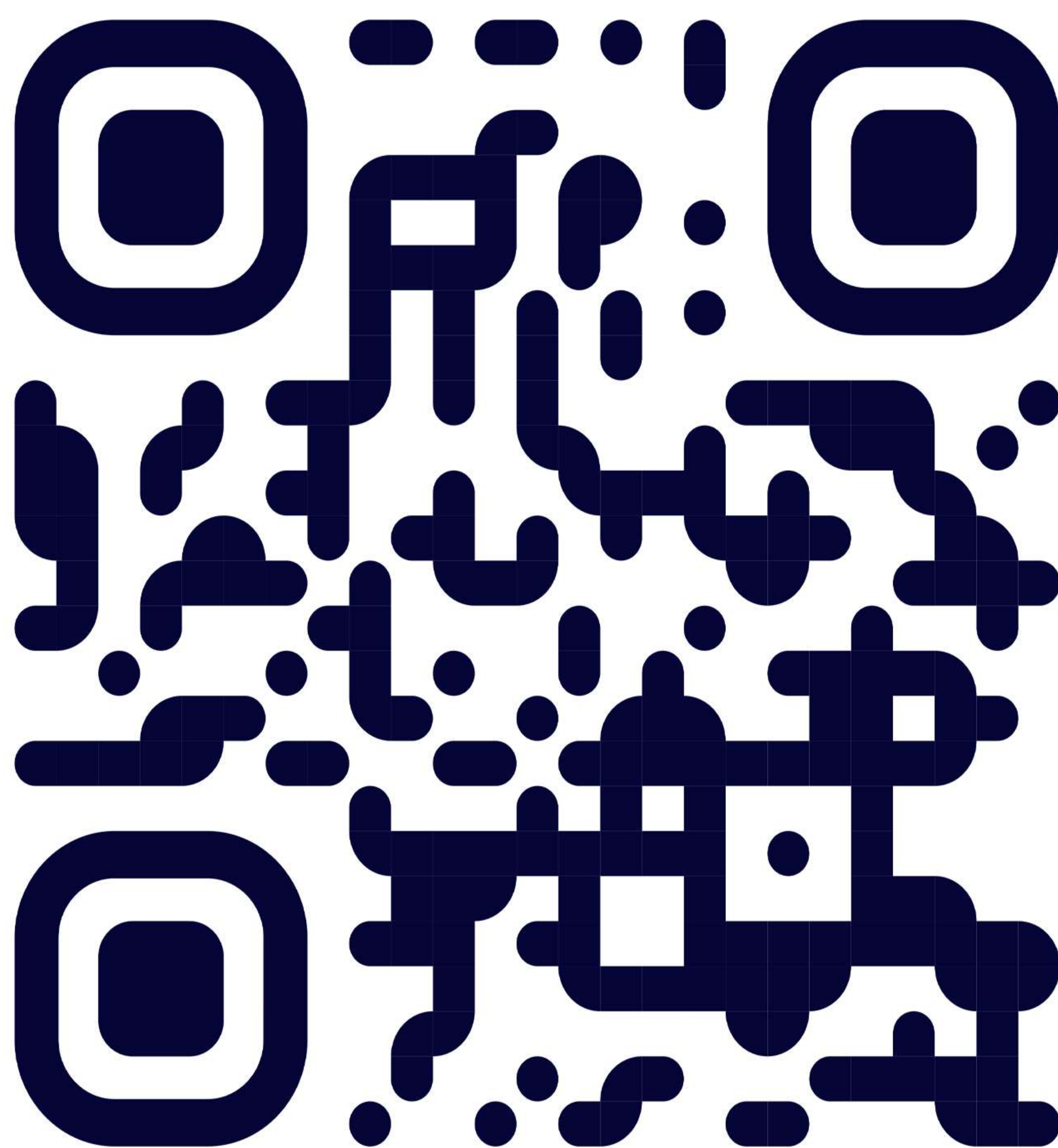
- One popular way to obtain alternative data that might offer important insights into consumer finances is to track debit card transactions. This has been furthered by the UK's Office for National Statistics (ONS), which has presented statistics on unsuccessful debit card transactions related to utility bill payments in the country in partnership with Pay.UK and Vocalink. The data shows that consumers' financial stress levels are rising. Compared to water bill payments, where the percentage of failed payments has stayed constant, failed electrical bill payments have increased fourfold since 2020 to 1.2% of the total. This indicates how growing energy prices have a disproportionately negative effect on household budgets.



Provided to you by:

Team Analytica, Team Financial, Team Icelab

Stay informed about the latest Iceberg events and access the weekly newsletter by simply scan the QR code below:



Discover the Unknown Depth of Financial Markets

WWW.ICEBERG.FINANCIAL