



# Global Market Financial News (July W2)

Welcome to our comprehensive Global Market Financial Daily Report for the second week of July 2024.

Citation: BBC News

# Key News Preview

- **US Tariff Rules and Trade Tensions:** New tariffs imposed, raising tensions with trading partners and impacting global supply chains.
- **UK Economic Growth and Inflation Trends:** UK economy exceeding growth expectations, but inflationary pressures remain a concern.
- **Chinese Food Safety Scandal:** Widespread issues in the Chinese food production industry, shaking consumer confidence.
- **Samsung's Financial Developments and Labor Strikes:** Samsung reporting strong profits, but facing labor challenges at key manufacturing facilities.
- **Inflation Trends in the US:** Persistently high inflation levels in the US, leading to concerns about economic stability.

# US New Tariff Rules and Trade Tensions

1

## Cause

The Biden administration has implemented new tariff rules targeting firms routing steel and aluminum through Mexico to evade existing tariffs. This move is part of a broader strategy to curb China's market influence and address ongoing trade tensions.

2

## Process

New regulations now require proof of origin for steel and aluminum products. This process involves rigorous documentation and verification procedures to ensure compliance with tariff regulations and prevent circumvention of existing trade policies.

3

## Result

The new rules are expected to tighten controls on imports significantly, impacting costs for non-compliant firms. This could lead to increased prices for steel and aluminum products in the US market and potentially disrupt supply chains. The move also signals a continued focus on protecting domestic industries and maintaining a strong stance in international trade negotiations.



# UK Economic Growth Surpassing Expectations

## Robust Growth

The UK economy has shown remarkable resilience, with growth reaching 0.4% in May, double the anticipated figure. This surge is primarily attributed to robust performance in the retail and construction sectors, defying earlier pessimistic forecasts.

## Bank of England's Dilemma

The unexpected economic strength is influencing the Bank of England's monetary policy decisions. With inflation concerns still present, the central bank may delay potential rate cuts, maintaining a cautious stance to balance growth and price stability.

## Market Impact

The positive economic data has boosted market sentiment, particularly for UK housebuilders. Investors are showing increased confidence in the sector, anticipating sustained demand and profitability in the construction industry.



# Chinese Food Safety Scandal

1

## Allegations Surface

A major food safety scandal has erupted in China, with allegations that companies have been using fuel tankers to transport cooking oil without proper cleaning. This shocking revelation has sparked widespread public outrage and concern over food safety standards.

2

## Government Investigation

In response to the public outcry, the Chinese government has initiated a comprehensive investigation into the allegations. Regulatory bodies are scrutinizing supply chains, transportation processes, and company practices to uncover the extent of the problem.

3

## Trust Erosion

The scandal has significantly damaged public trust in food safety regulations, reminiscent of the 2008 Sanlu milk scandal. Consumer confidence has plummeted, leading to decreased sales in the cooking oil industry and calls for stricter oversight and harsher penalties for violations.

4

## Long-term Implications

The incident is likely to result in a major overhaul of food safety regulations in China. International trading partners may impose stricter import controls on Chinese food products, potentially impacting the country's food export industry.

# Samsung's Financial Developments and Labor Challenges

Q2 2024 Projected Profit	10.4 trillion won (\$7.54 billion)
Primary Growth Driver	High demand for AI chips
Ongoing Challenges	Labor disputes over pay and benefits
Potential Risks	Production disruptions from strikes
Industry Trend	Growing influence of AI on profitability



# Inflation Trends in the US

## 1 Cooling Inflation

The US has experienced a significant cooling in inflation rates, primarily driven by lower petrol prices. This trend has provided relief to consumers and businesses alike, easing pressure on household budgets and operational costs.

## 2 Statistical Evidence

Inflation slowed to 3% in June, marking the third consecutive month of decline. This consistent downward trend suggests that the Federal Reserve's monetary policies are having the desired effect on price stability.

## 3 Federal Reserve's Next Move

The cooling inflation sets the stage for a potential Federal Reserve rate cut in September. This prospect has sparked optimism in financial markets, with investors anticipating a more accommodative monetary policy environment.

## 4 Economic Implications

The declining inflation rate is expected to have a positive impact on household spending and market confidence. Businesses may benefit from increased consumer activity, while investors might see improved returns in certain sectors sensitive to interest rate changes.



# Global Market Outlook



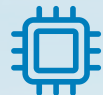
## International Trade Dynamics

The global market continues to be shaped by evolving trade policies, particularly between major economies like the US and China. The new US tariff rules signal ongoing tensions that could impact global supply chains and trade flows.



## Economic Growth Patterns

Unexpected economic resilience in countries like the UK suggests a potential for stronger global growth. However, this growth remains uneven across regions, with emerging markets facing unique challenges.



## Technology Sector Influence

The tech sector, particularly AI-related industries, continues to drive significant market movements. Samsung's profit surge exemplifies the growing importance of AI technologies in shaping corporate performance and market trends.



## Monetary Policy Shifts

With cooling inflation in the US, central banks worldwide may reconsider their monetary policies. This could lead to a period of rate cuts and increased liquidity in global markets, potentially boosting economic activity and asset prices.





# Conclusion

This week's global financial landscape is marked by significant regulatory changes, economic growth indicators, and ongoing public trust issues. Investors should stay informed and adaptable to navigate the dynamic economic environment effectively.

