



MARKET ANALYSIS

EMEA

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EMEA Markets***Indexes and Key Events Moving the Market*****Market Around the World**

Europe (25 March 2024 – 29 March 2024)

| Index | Starting Price | Ending Price | % Weekly Change | % Change YTD |
|--------------|----------------|--------------|-----------------|--------------|
| EUROSTOXX 50 | 5,029.25 | 45,083.42 | 1.08 | 12.61 |
| DAX 40 | 18,206.36 | 18,492.49 | 1.57 | 9.89 |
| FTSE 100 | 7,917.57 | 7,952.62 | 0.44 | 2.99 |
| CAC 40 | 8,147.8 | 8,205.81 | 0.71 | 8.29 |
| FTSE MIB | 34,639.41 | 34,750.35 | 0.32 | 13.84 |

10Y Government Bonds

| Index | Starting Yield | Ending Yield | % Weekly Change | % Change YTD |
|----------------|----------------|--------------|-----------------|--------------|
| Italy | 3.66 | 3.67 | 0.33 | -1.42 |
| Germany | 2.32 | 2.29 | -1.29 | 17.44 |
| France | 2.79 | 2.80 | 0.36 | 12.90 |
| Spain | 3.16 | 3.15 | -0.32 | 5.70 |
| United Kingdom | 3.93 | 3.98 | 1.27 | 11.80 |

Europe (1 April 2024 - 5 April 2024)

| Index | Starting Price | Ending Price | % Weekly Change | % Change YTD |
|--------------|----------------|--------------|-----------------|--------------|
| EUROSTOXX 50 | 5,096.86 | 5,014.75 | -1.61 | 11.09 |
| DAX 40 | 18,492.36 | 18,175.04 | -1.72 | 8.00 |
| FTSE 100 | 7,935.09 | 7,911.16 | -0.30 | 2.46 |
| CAC 40 | 8,195.65 | 8,061.31 | -1.64 | 6.39 |
| FTSE MIB | 34,325.23 | 34,010.88 | -0.92 | 11.42 |

10Y Government Bonds

| Index | Starting Yield | Ending Yield | % Weekly Change | % Change YTD |
|----------------|----------------|--------------|-----------------|--------------|
| Italy | 3.64 | 3.78 | 3.85 | 1.61 |
| Germany | 2.29 | 2.40 | 4.80 | 23.08 |
| France | 2.80 | 2.90 | 3.57 | 16.94 |
| Spain | 3.15 | 3.24 | 2.86 | 8.72 |
| United Kingdom | 3.96 | 4.10 | 3.54 | 15.17 |

Comment

Over the past couple of weeks, interest rates have experienced significant volatility, a trend that has persisted for some time. This volatility was further fueled by the latest Federal Reserve meeting, where the decision to delay rate cuts until year-end suggested an economy displaying resilience, thereby increasing the likelihood of a no landing scenario. Meanwhile, according to Bloomberg's WIRP derived from bond prices, there's an almost 90% chance of rate cuts by the ECB in June. However, despite these expectations, 10-year rates saw an uptick in the last week, evident from the provided data tables, leading to a downturn in major stock indices.

In conclusion, this period has been characterized by a scarcity of noteworthy developments in the stock market, resulting in macroeconomic factors, particularly interest rate policies, taking center stage in driving price movements.

Market Sentiment and Upcoming Events

Market sentiment

Following an impressive five-month period of consecutive gains, European stock markets experienced a decline for the week, attributed to the surge in bond yields. This was compounded by the hawkish stance on interest rates maintained by certain US Federal Reserve officials, which reverberated across global markets.

Nevertheless, it is noteworthy that European markets exhibited greater resilience in comparison to their global counterparts. This resilience was propelled by a heightened expectation of an interest rate cut in June by the European Central Bank, surpassing the sentiments of other central banks, notably the US Federal Reserve.

"Despite more cautious messages by other ECB members in the past few days, there are clear indications that the Bank is prepared to cut rates this summer and that June remains the most likely meeting," analysts at ING said in a note.

In Europe, inflation is declining at a faster rate than previously expected, contrasting with the higher-than-anticipated inflation in the United States. This has prompted speculation among investors that the European Central Bank may consider implementing interest rate cuts ahead of the Federal Reserve. Recent flash data revealed that prices across the 20-nation eurozone dropped to 2.4 percent in the twelve months leading up to March, falling short of the 2.6 percent forecast, marking the fourth consecutive monthly decrease and strengthening the belief that prices are approaching the ECB's targeted 2 percent.

Meanwhile, in the United Kingdom, inflation declined to 3.4 percent in February. Although the Bank of England has predicted that consumer price growth will fall below its 2 percent target in the second quarter, attention remains focused on services inflation, which remained stubbornly high at 6.1 percent in February, primarily due to rapid wage increases.

Expected events for the upcoming period

Europe

| Event | Date | About/Description |
|---------------------------------------|----------------------|--|
| <i>EMEA October Economic Calendar</i> | | |
| ECB Interest Rate Decision | <i>11 April 2024</i> | The European Central Bank publishes its decision on where to set the benchmark interest rate. |
| ECB Press Conference | <i>11 April 2024</i> | The European Central Bank (ECB) press conference is held monthly, about 45 minutes after the Minimum Bid Rate is announced. The press conference examines the factors which affected the ECB's interest rate decision and deals with the overall economic outlook and inflation. Most importantly, it provides clues regarding future monetary policy. High levels of volatility can frequently be observed during the press conference as press questions lead to unscripted answers. |
| UK GDP (MoM) | <i>12 April 2024</i> | Gross domestic product (GDP) measures the value of goods and services produced in the UK. It estimates the size of and growth in the economy. It is the broadest measure of economic activity and the primary indicator of the economy's health. |
| UK Trade Balance | <i>12 April 2024</i> | The Trade Balance measures the difference in value between imported and exported goods and services over the reported period. A positive number indicates that more goods and services were exported than imported (a trade surplus). |
| UK Average Earnings Index + Bonus | <i>16 April 2024</i> | The Average Earnings Index measures change in the price businesses and the government pay for labour, including bonuses. The Average Earnings figure gives us a good indication of personal income growth during the given month, but also potential inflationary pressures. |
| UK CPI (YoY) | <i>17 April 2024</i> | The Consumer Price Index (CPI) measures the change in the prices of goods and services contained in a basket of consumer items. The Central bank pays very close attention to this figure in its role of maintaining price stability |
| EUR CPI (YoY) | <i>17 April 2024</i> | The Consumer Price Index (CPI) measures the change in the prices of goods and services contained in a basket of consumer items. The Central bank pays very close attention to this figure in its role of maintaining price stability. |

Performer of the Period

UniCredit (BIT: UCG) was selected as the performer of the week because not only is one of the top performers within this timeframe, but also because compared to the EUROSTOXX 50 index, it is the top-performing company on a YTD and 1Y horizon. As a matter of fact, the Italian bank almost doubled its market capitalization in less than 12 months.

Company Overview

| | |
|---------------------------|----------|
| Market Cap | 58.7Bn € |
| Beginning of period price | 33.6 € |
| End of the period price | 34.9 € |
| % Change | 3.87% |

As of 5/4/2024

Company Description

UniCredit S.p.A., headquartered in Milan, stands as a cornerstone of Italy's financial sector and a formidable player on the global stage. As Italy's sole systemically important bank, UniCredit commands a significant presence, ranking 34th in the world by assets. Its listing on both the Borsa Italiana and Frankfurt Stock Exchange, along with its inclusion in the Euro Stoxx 50 index, underscores its prominence and stability within the financial markets.

The breadth of UniCredit's operations encompasses three main segments: corporate and investment banking, commercial banking, and wealth management. Through these pillars, UniCredit delivers a comprehensive suite of financial services to clients across its expansive network. With a strategic focus on pan-European operations, UniCredit leverages its presence in 13 core markets, including Italy, Germany, Austria, Russia, and various Central and Southeast European countries. This extensive reach positions UniCredit as a vital conduit for businesses and individuals seeking reliable and innovative financial solutions across the continent.

Since the enactment of European Banking Supervision in 2014, UniCredit has been designated as a Significant Institution, subjecting it to direct oversight by the European Central Bank. This regulatory recognition underscores UniCredit's unwavering commitment to maintaining the highest standards of financial integrity and governance. Through prudent management and a steadfast dedication to excellence, UniCredit continues to reinforce its status as a leading force in the global banking landscape, driving economic growth and prosperity across Europe and beyond.

Industry Overview

In the past 18 months, the global banking sector has experienced unparalleled prosperity, buoyed by rising interest rates that have bolstered profits amidst a more favorable credit environment. However, beneath this surface-level success, significant transformations are underway. Traditional banks are witnessing a migration of both balance sheet and transactions to nontraditional institutions and capital-light markets, such as digital payment specialists and alternative asset management firms. This

shift challenges the conventional definition of banking, prompting a broader scope in our analysis to encompass all financial institutions except insurance companies.

The surge in global banking fortunes is primarily attributed to a substantial increase in interest rates across advanced economies, notably a 500-basis-point rise in the United States. This uptick has facilitated long-awaited improvements in net interest margins, propelling sector profits by approximately \$280 billion in 2022. Consequently, return on equity (ROE) soared to 12 percent in 2022 and 13 percent in 2023, marking a significant uptick from the average of just 9 percent witnessed since 2010. However, this period of ROE growth has been accompanied by heightened volatility, contributing to the downfall or bailout of several high-profile banks, underscoring the challenges faced even amidst prosperity.

Performance disparities across various financial categories reflect the evolving landscape. While some institutions have flourished, boasting premium ROE and robust earnings growth, others have faltered. Operational excellence and strategic decisions pertaining to cost management, efficiency, and customer retention have emerged as critical determinants of success. Notably, banks leveraging their balance sheets effectively, prioritizing customer-centric approaches, and embracing technological innovation have emerged as frontrunners. Moreover, geographical disparities persist, with banks in regions spanning from the Indian Ocean crescent to parts of Africa outperforming counterparts in Europe, the United States, China, and Russia. These observations underscore the imperative for banking institutions to adapt to the ongoing "Great Transition" reshaping the sector's dynamics, with evidence suggesting a substantial movement of financial assets off banking balance sheets and into alternative investments.

SWOOT Analysis

Strengths

Solid Balance Sheet

It is important to highlight that the Bank is reducing the overall risk related to its balance sheet and this is particularly clear if you look at the RWA reduction of 8%. In addition, CET1 are at 15.9% in FY23, significantly above target range allowing for strategic flexibility.

Minimum exposure to interest rates

UniCredit declares to be the less exposed bank to interest rates among its peers. The peer reported in its presentation are: BBVA, Commerzbank, Deutsche bank, ING, Intesa San Paolo, Santander; Italian Peer Group includes: BAMI, BPER, CREDEM, Intesa San Paolo, MPS. Moreover, it is the second bank among its peers to Fee/Revenue Ratio. This metric is fundamental because highlights the exposure to fee generating activities that are inversely correlated to interest rates.

Weaknesses

Exposure to Russia

An important risk for the Bank is due its positions in Russia which are consistently causing loss to the Group and are having a negative effect on the RWA. However, since March 2022 the UniCredit's activities in Russia are down to 90% and are keeping going down. However, the divesture has taken place paying a 11.3% average discount causing losses to the group.

Tensions with the government

During the recent summer, Italian banks encountered a significant challenge involving the government's intention to tax the additional margin resulting from the increased interest rates applied to issued loans. The Italian banks to avoid the taxation had to set aside special reserves. Nevertheless, the Italian Prime Minister made clear statements expressing a desire to hold banks accountable for what he deemed as unjust profits garnered at the expense of citizens.

Opportunities

Geographic expansion

On a long-term prospective the group is growing very fast in new geographic areas such as Central and Eastern Europe. In particular, revenues are grown by 48% in Eastern Europe in the last year, with a reduction in cost of 8BPs in the same area. The implementation of market share in these areas is far from end and this gives to the Group huge possibility of growth.

Asset Management Division

UniCredit is strategically expanding its foothold in the asset management industry with the launch of the "onemarkets Fund" project. This initiative aims to promote the sale of UniCredit's funds across all the geographic regions in which the group operates. The significance of this endeavour is underscored by the fact that Asset Management now contributes a substantial €1.6 billion to UniCredit's revenues. This milestone marks a pivotal moment for the group, as the asset management sector now accounts for over 20% of the total fees generated by UniCredit, signalling promising growth prospects ahead.

Digitalisation

Finally, it is significant the commitment in reducing cost in a long-term prospective through digitalisation in all the segments in which the group operates for instance trading and payments.

Threats

As already highlighted, a huge positive impact in UniCredit financials has been caused by the increase in interest rate margin, increased by 30% during the last year. This has been the main driver of the stock performance; however, the FED and ECB have already declared that are going to cut down interest rates before the end of the year and this will affect the profitability of the company. Even

though UniCredit is investing in digitalization, it is exposed to the competition of fintech companies which are gaining market share becoming a threat for banks.

Moreover, as reported in the McKinsey annual report on the banking industry, the sector is facing new competitors even in the lending business, for example it is important to highlight the challenges caused by the fast growing industry of private credit and shadow banking that are not subjected to the capital constraints of banks, making competition tougher.

Conclusion

Unicredit stands out as a leading performer in the banking sector. Under the guidance of CEO Andrea Orsel in recent years, significant enhancements have been achieved. The company boasts a robust balance sheet, reflecting its financial strength. Moreover, Unicredit is strategically advancing into high-potential sectors like Asset Management and digital payments, while also enhancing its geographical diversification. These initiatives lay the groundwork for sustained long-term growth.

North America Markets

Indexes and Key Events Moving the Market

Markets around the world

North America (25 March 2024 - 28 March 2024)

| Index | Starting Price | Ending Price | % Weekly Change | % Change YTD |
|--------------|----------------|--------------|-----------------|--------------|
| Dow Jones | \$39313.64 | \$39807.37 | 1.26 | 5.55 |
| S&P | \$5218.19 | \$5254.35 | 0.69 | 10.79 |
| Nasdaq | \$16384.47 | \$16379.46 | -0.03 | 10.93 |
| NYSE | \$18077.15 | \$18312.67 | 1.30 | 8.73 |
| Russell 2000 | \$2074.16 | \$2124.55 | 2.43 | 5.55 |

US Treasury Bonds

| Index | Starting Yield | Ending Yield | % Weekly Change | % Change YTD |
|-------|----------------|--------------|-----------------|--------------|
| 5Y | 4.23 | 4.21 | -0.47 | 7.12 |
| 10Y | 4.25 | 4.20 | -1.18 | 6.33 |
| 30Y | 4.42 | 4.34 | -1.81 | 6.37 |

North America (1 April 2024 – 5 April 2024)

| Index | Starting Price | Ending Price | % Weekly Change | % Change YTD |
|--------------|----------------|--------------|-----------------|--------------|
| Dow Jones | \$39566.85 | \$38904.04 | -1.68 | 3.15 |
| S&P | \$5243.77 | \$5204.34 | -0.75 | 9.73 |
| Nasdaq | \$16396.83 | \$16248.52 | -0.90 | 10.04 |
| NYSE | \$18216.19 | \$18122.26 | -0.52 | 7.60 |
| Russell 2000 | \$2102.84 | \$2063.47 | -1.87 | 2.52 |

US Treasury Bonds

| Index | Starting Yield | Ending Yield | % Weekly Change | % Change YTD |
|-------|----------------|--------------|-----------------|--------------|
| 5Y | 4.34 | 4.38 | 0.92 | 11.45 |
| 10Y | 4.33 | 4.39 | 1.39 | 11.14 |
| 30Y | 4.47 | 4.54 | 1.57 | 11.27 |

Comment

The first quarter has seen big gains for the S&P 500 index as well as Nasdaq and Dow Jones indexes with optimism that April will continue the momentum and will post greater returns. With a much larger increase in job growth with the US unemployment rate falling to 3.8% compared to the predicted 3.9% the probability of a fall in interest rate has decreased. This is coupled with the higher-than-expected inflation rates further reducing the probability of the Federal Reserve dropping interest rates from their current range of 5.25-5.5%. The Fed is not as worried about the higher interest rate as previously anticipated due to the strong performance of the economy and indexes maintaining a positive momentum despite a fall potentially boosting the growth rate.

Market Sentiment and Upcoming Events

Market sentiment

The market has maintained bullish sentiment for the past couple of weeks as can be seen from the CNN Fear and Greed Index with the S&P 500 performing well above its 125-day moving average with the stock price strength also in the positive. This implies that more stocks are on a high compared to a low and this encourages investors to be more bullish. The VIX index has also remained low, suggesting low volatility in the stock market and that price fluctuations have been limited in the recent few weeks.

However, the recent Israeli strikes in Syria which killed top Iranian military officials could threaten the US markets as investors fear an Iranian retaliation. This attack already pushed oil prices to over \$90 per barrel, the highest price since October 2023 and caused US stocks to tumble with the S&P closing 1.2% lower and Nasdaq 1.4% lower on Thursday 4th April. Despite this the stocks rebounded on Friday after the job's growth beat expectations with the S&P growing by 1.1% and Nasdaq growing by 1.2%.

Overall, the conflicts have not had a long-lasting impact on the US markets, and it is expected that even if the conflict grows in the Middle East with Iran retaliating in the long run the impact on the US market will be minimal as the bullish behaviour of investors has not diminished since the increased threat of an attack. The VIX indicator also suggests that the market will remain fairly stable with limited fluctuations and market sentiment will remain fairly positive.

Expected events for the upcoming period

| Event | Date | Description |
|--------------|----------------------|--|
| OPEC Meeting | <i>03 April 2024</i> | OPEC is an organization of 12 oil-exporting nations that coordinates and unifies petroleum policies. The |

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| | | |
|--------------------------------|----------------------|---|
| | | OPEC's Joint Ministerial Monitoring Committee reviewed the crude oil production for the previous months. |
| U.S. Fed Chair Powell's Speech | <i>03 April 2024</i> | He affirmed that "Fed has time to assess incoming data before starting interest rate cuts, which will likely come at some point this year."; moreover, "recent inflation readings, which came in higher than expected, did not "materially change" the overall picture of cooling prices". The markets showed limited reactions |
| March CPI Report | <i>10 April 2024</i> | Monthly and annual report by the Bureau of Labor Statistics; it measures the overall change in consumer prices of a determined basket of services or goods |
| US FOMC Meeting Minutes | <i>10 April 2024</i> | The FOMC's Meeting Minutes are a record of the committee's policy decision and setting meeting held three weeks earlier. These offer the opportunity to earn insights into the FOMC's stance on monetary policy. |
| Import Price Index | <i>12 April 2024</i> | The Index measures the change in prices of imported goods and services. It is released every month by the US Department |

| | | |
|-------------------|----------------------|---|
| | | of Labor Statistics |
| Manufacturing PMI | <i>23 April 2024</i> | The Manufacturing Purchasing Managers' Index indicates the activity level of purchasing managers in the manufacturing sector. The PMI represents a leading indicator of economic performance. |

Performer of the Period

Nexaline Technology Inc. (NASDAQ: NXL) represents one of the top-performing stocks of the week. The company, settled in Houston, offers innovative solutions for the treatment of mental health problems.

Company overview

| | |
|---------------------------|-------------|
| Market Cap | \$8,201,234 |
| Beginning of period price | \$1.79 |
| End of the period price | \$2.49 |
| % Change | 62.7% |

As of 5/4/2024

Company Description

Nexaline Technology Inc. specializes in bioelectronic devices designed to address various mental health issues such as anxiety, insomnia, and addiction. These conditions often stem from irregularities in neurochemicals within the brain. Utilizing a cutting-edge technique known as Transcranial Alternating Current Stimulation (TACS), Nexaline's devices interact with the midbrain centers, stabilizing these neurochemicals. The company's journey began in 2003 with the introduction of Nexalin Gen-1, followed by the launch of Nexalin Gen-2 in 2021. Notably, Nexalin's expansion into the Chinese market received approval from the National Medical Products Administration (NMPA) in 2021. Currently, Nexaline is in the process of developing Nexalin Gen3, a headset medical device.

Industry Overview

With heightened public awareness, the impact of COVID-19, and expanded insurance coverage, the mental health treatment industry is witnessing significant growth. From healthcare institutions to

pharmaceutical sectors and professional services, this sector is projected to surpass a valuation of \$115 billion by 2030, with a Compound Annual Growth Rate (CAGR) of 4.7% from 2023 onwards. Nexalin stands out in this evolving landscape by offering non-pharmaceutical solutions for mental health treatment through innovative bioelectronic devices. Unlike traditional pharmaceutical approaches, Nexalin's medical devices employ biochemical stimulation. While the company asserts its lack of direct competitors, it operates in conjunction with pharmaceutical companies and other firms developing alternative therapy devices.

Listed on the Nasdaq since 2022, Nexalin has demonstrated its market presence. Notably, nearly 25% of its shares are held by the board, indicating a strong internal stake in the company's success. In 2023, Nexalin further solidified its market position by entering into a joint venture with its longstanding APAC distribution partner, Wider Come Limited. This strategic move is expected to facilitate expansion into new markets and regions.

SWOOT Analysis

Strengths

Nexalin Technology Inc. possesses several key strengths crucial to its success. Firstly, its treatments have undergone rigorous testing across a spectrum of conditions, including brain injuries in veterans and individuals suffering from chronic insomnia and depression. These tests have consistently shown a reduction in symptoms ranging from 60% to 80%, highlighting the versatility of Nexalin's technology and its potential to address diverse market needs.

Secondly, the company benefits from a Military and Government Advisory Board, comprising influential figures. This board lends support to Nexalin's devices within U.S. government agencies, aiding in the dissemination of the technology and fostering partnerships with federal entities. Moreover, Nexalin's connection with veterans and military personnel represents a significant market opportunity, given the prevalence of PTSD and other mental health issues among this demographic. Lastly, as a publicly traded company, Nexalin Technology has access to greater financial resources. This access is crucial for funding the ongoing research and development necessary for the advancement of innovative medical devices.

Weaknesses

One significant weakness of the company is its reliance on a single technology, currently represented by its Gen-2 product (with Gen-3 still under investigation). This narrow focus limits its growth potential and may impact revenue generation over the long term. Additionally, the novelty and innovation of Nexalin's technology mean that the long-term effects and safety aspects are not yet fully understood, requiring more time for market establishment and acceptance.

While Nexalin claims to have no direct competitors, it faces indirect competition from companies and startups utilizing Transcranial Alternating Current Stimulation (TACS) technology for different applications. For instance, Thync focuses on enhancing focus and sleep, while Medtronic targets Parkinson's disease. This competitive landscape underscores the need for Nexalin to differentiate itself and continuously innovate to maintain its market position and relevance.

Opportunities

Nexalin Technology Inc. has the opportunity to broaden its partnerships beyond government agencies, extending collaborations to encompass health and pharmaceutical companies, similar to its joint venture with Wider Come Limited in China. Such partnerships would not only diversify Nexalin's markets and clientele but also provide access to additional resources, studies, and product combinations for treating various diseases.

Furthermore, Nexalin could explore testing its technology and devices for other mental health issues, thus expanding its client base beyond its current niche market. This strategic move would not only strengthen Nexalin's market presence but also fortify its position against competitors.

As the markets for mental health treatment continue to expand, fueled by heightened public awareness and government concern, Nexalin is poised for future growth. The increasing demand for non-pharmaceutical alternatives presents a significant opportunity for Nexalin's devices to address the evolving needs of individuals seeking alternatives to traditional drug therapies.

Threats

Since the inception of this innovative technology, Nexaline Technology Inc. faces the challenge of unknown potential negative side effects, which could lead to negative publicity and reputational issues in the future. Moreover, ongoing FDA approvals are necessary for the operation of the company, a process that can be time-consuming and may hinder revenue generation and market expansion. Currently, both the Gen-2 and Gen-3 devices are awaiting FDA approval, despite positive effects demonstrated in various studies conducted in recent years.

Furthermore, insurance companies may exhibit caution in reimbursing patients for Nexaline treatments due to the technology's unfamiliarity and the preference for established therapies such as pharmaceuticals. Additionally, the lack of clear guidelines for the use of Nexaline devices further exacerbates insurance companies' reluctance to cover these expenses.

In conclusion, Nexaline Technology Inc. must leverage its strengths and capitalize on opportunities to address its weaknesses and mitigate threats. Establishing strategic partnerships and securing necessary resources are crucial steps toward obtaining research approval for its devices. The company's proactive approach in this direction underscores the significant growth potential it possesses.

APAC Markets

Indexes and Key Events Moving the Market

Markets around the world

APAC (25 March 2024 – 29 March 2024)

| Index | Starting price | Ending price | % Weekly change | % YTD change |
|------------|----------------|--------------|-----------------|--------------|
| NIKKEI 225 | \$ 40,798.96 | \$40,361.44 | -1.07 | 15.8 |
| HANG SENG | \$16,531.95 | \$16,541.42 | 0.06 | 1.08 |
| CHINA A50 | \$13,809.27 | \$13,856.91 | 0.34 | 2.11 |
| SSE | \$ 3,040.50 | \$ 3,041.17 | 0.02 | 1.73 |

10Y Government Bonds

| Index | Starting Yield | Ending Yield | % Weekly Change | % Change YTD |
|-------|----------------|--------------|-----------------|--------------|
| China | 2.431 | 2.404 | -1.11 | 4.86 |
| Japan | 0.736 | 0.732 | -0.54 | 0.01 |

APAC (1 April 2024 – 5 April 2024)

| Index | Starting price | Ending price | % Weekly change | % YTD change |
|------------|----------------|--------------|-----------------|--------------|
| NIKKEI 225 | \$40,646.70 | \$38,992.08 | -4.07 | 18.91 |
| HANG SENG | \$16,811.74 | \$ 16,723.92 | -0.52 | 2.09 |
| CHINA A50 | \$14,045.60 | \$13,965.58 | -0.56 | 2.07 |
| SSE | \$ 3,049.02 | \$ 3,069.30 | 0.67 | 3.17 |

10Y Government Bonds

| Index | Starting Yield | Ending Yield | % Weekly Change | % Change YTD |
|-------|----------------|--------------|-----------------|--------------|
| China | 2.418 | 2.395 | -0.95 | 4.85 |
| Japan | 0.742 | 0.771 | 3.91 | 0.01 |

Comment

As a result of the U.S. announcement on Tuesday of tightening export controls for cutting-edge artificial intelligent chips in order to curb China's access to advanced chips that could fuel breakthroughs in artificial intelligence, investors concerns about geopolitical risk raised, negatively impacting the Chinese stock market, despite some good news from data released on Wednesday which highlighted signs of stabilization for the Chinese economy.

Market Sentiment and Upcoming Events**Market sentiment**

On Friday, Japan's Nikkei share average fell nearly 2% to reach a three-week low, marking its worst week since December 2022. This decline was primarily driven by a slide in tech shares, following a similar trend on Wall Street. Investors were cautious ahead of a key monthly U.S. jobs report, which also contributed to the decline. Concerns about the timing of potential interest rate cuts by the Federal Reserve added to the uncertainty in the market. The Nikkei dropped 1.96%, or 781 points, to 38,992.08, resulting in a weekly loss of 3.41%. Shares in the chip sector were particularly affected, with Tokyo Electron dropping 5.6% and Advantest falling 4.85%. Other notable losers included SoftBank Group, which slid 2.77%, and Fast Retailing, operator of the Uniqlo chain, which skidded 2.26%. Meanwhile, the Reserve Bank of India maintained its key repo rate unchanged for a seventh consecutive policy meeting, citing expectations of robust economic growth but persistent inflation above its 4% target. The monetary policy committee left the repo rate unchanged at 6.50%, along with the standing deposit facility rate and the marginal standing facility rate. In other news, U.S. Treasury Secretary Janet Yellen commented on China's economic policies during her visit to the country. She emphasized the need for China to address excess industrial capacity, particularly in sectors such as electric vehicles, batteries, and solar energy products, which are undercutting competitors globally and fueling trade tensions. Chinese Premier Li Qiang set an ambitious growth target of 5% for 2024, focusing on investment in new high-technology sectors amidst challenges in the property market and weak consumer demand. However, the International Monetary Fund forecasts China's real GDP growth at 4.6% in 2024, declining to 4.1% in 2025.

Expected events for the upcoming period

| Event | Date | Description |
|------------------------------------|----------------------|--|
| Japanese Adjusted Current Account | <i>7 April 2024</i> | The Japanese Adjusted Current Account index measures the difference in value between exported and imported goods, services and interest payments during the reported month. The goods portion is the same as the monthly Trade Balance figure. Because foreigners must buy the domestic currency to pay for the nation's exports the data can have a sizable affect on the JPY. A higher than expected reading should be taken as positive/bullish for the JPY, while a lower than expected reading should be taken as negative/bearish for the JPY. |
| New Zealand Interest Rate Decision | <i>9 April 2024</i> | The Reserve Bank of New Zealand (RBNZ) governor decides where to set the rate after consulting senior bank staff and external advisers. Traders watch interest rate changes closely as short term interest rates are the primary factor in currency valuation. A higher than expected rate is positive/bullish for the NZD, while a lower than expected rate is negative/bearish for the NZD. |
| China CPI (YoY) | <i>10 April 2024</i> | The Consumer Price Index (CPI) measures the change in the price of goods and services from the perspective of the consumer. It is a key way to measure changes in purchasing trends and inflation . A higher than expected reading should be taken as positive/bullish for the CNY, while a lower than expected reading should be taken as negative/bearish for the CNY. |
| China PPI (YoY) | <i>10 April 2024</i> | The Producer Price Index (PPI) measures the change in the price of goods sold by manufacturers. It is a leading indicator of consumer price inflation, which accounts for the majority of overall inflation. A higher than expected reading should be taken as positive/bullish for the CNY, while a lower than expected reading should be taken as negative/bearish for the CNY. |

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| China Trade Balance | <i>11 April 2024</i> | The Trade Balance measures the difference in value between imported and exported goods and services over the reported period. A positive number indicates that more goods and services were exported than imported. A higher than expected reading should be taken as positive/bullish for the CNY, while a lower than expected reading should be taken as negative/bearish for the CNY. |
| Japan Industrial Production | <i>12 April 2024</i> | Industrial Production measures the change in the total inflation-adjusted value of output produced by manufacturers, mines, and utilities. A higher than expected reading should be taken as positive/bullish for the JPY, while a lower than expected reading should be taken as negative/bearish for the JPY. |
| Australia CFTC Speculative Net Positions | <i>12 April 2024</i> | The Commodity Futures Trading Commission's (CFTC) weekly Commitments of Traders (COT) report provides a breakdown of the net positions for "non-commercial" (speculative) traders in U.S. futures markets. All data corresponds to positions held by participants primarily based in Chicago and New York futures markets. The Commitments of Traders report is considered an indicator for analyzing market sentiment and many speculative traders use the data to help them decide whether or not to take a long or short position. Commitments of Traders (COT) data is released each Friday at 3:30pm Eastern Time, pending a holiday in the U.S., to reflect the commitments of traders on the prior Tuesday. |

Performer of the Period

Mitsubishi, the Japanese global automotive manufacturer based in Tokyo, Japan, originated in 1970 from the automotive unit of Mitsubishi Heavy Industries and is a part of the Renault, Nissan, Mitsubishi Alliance. Mitsubishi is also an element of Mitsubishi keiretsu, one time the largest industrial group in Japan.

Company overview

| | |
|---------------------------|---------------|
| Market Cap | 14.96tn (Yen) |
| Beginning of period price | \$22.8 |

| | |
|-------------------------|---------|
| End of the period price | \$23.19 |
| % Change | 1.7% |

As of 5/4/2024

Company Description

Mitsubishi Corporation stands as a pillar of Japan's industrial landscape, renowned for its diversified business portfolio and global reach. Established in 1950, the company has evolved into a multifaceted conglomerate with operations spanning across various sectors including finance, energy, machinery, chemicals, and more. In the finance sector, Mitsubishi Corporation has carved a notable presence through its subsidiary, Mitsubishi UFJ Financial Group (MUFG). MUFG ranks among the world's largest financial institutions, offering a comprehensive range of banking and financial services. With a strong emphasis on innovation and customer-centric solutions, MUFG serves a diverse clientele, including individuals, corporations, and institutional investors, facilitating their financial needs on a global scale. Beyond finance, Mitsubishi Corporation's influence extends into energy and natural resources. It engages in the exploration, production, and trading of oil and gas, as well as investing in renewable energy sources, aligning with global efforts towards sustainability and environmental conservation. Moreover, Mitsubishi Corporation's machinery division plays a crucial role in driving technological advancements across industries. From manufacturing heavy machinery to providing cutting-edge solutions for transportation and infrastructure development, the company contributes significantly to enhancing efficiency and productivity on a global scale.

In the chemicals sector, Mitsubishi Corporation is a key player in the production and distribution of various chemical products, catering to diverse sectors such as agriculture, pharmaceuticals, and consumer goods. With a legacy of innovation, integrity, and commitment to excellence, Mitsubishi Corporation continues to thrive as a leading force in the global business landscape, driving growth, fostering sustainable development, and creating value for stakeholders worldwide.

Industry Overview

Mitsubishi Corporation's financial arm, Mitsubishi UFJ Financial Group (MUFG), is a dominant force in the finance sector, renowned for its global presence and diverse range of banking and financial services. Through MUFG, Mitsubishi Corporation offers an extensive suite of solutions tailored to meet the needs of individuals, corporations, and institutional investors worldwide. MUFG's commitment to innovation and customer-centricity is evident in its facilitation of international trade, investment banking, wealth management, and other vital services.

Beyond traditional banking, Mitsubishi Corporation's financial influence extends into strategic investments across various sectors. This diversification enhances economic growth and fosters financial stability, solidifying Mitsubishi Corporation's position as a pivotal player in shaping the future of finance.

With a legacy built on trust, reliability, and forward-thinking expertise, Mitsubishi Corporation continues to drive innovation and deliver value to its global clientele and stakeholders. As the financial landscape evolves, Mitsubishi Corporation remains at the forefront, leveraging its vast resources and strategic vision to navigate challenges and capitalize on emerging opportunities in the dynamic world of finance.

SWOOT Analysis

Strengths

Diversified Business Portfolio: Mitsubishi Corporation boasts a wide range of business interests, including energy, metals, machinery, chemicals, finance, and more. This diversification helps the company mitigate risks associated with fluctuations in specific industries, ensuring stable revenue streams.

Technological Expertise: Mitsubishi Corporation has a history of leveraging advanced technologies in its operations. The company's expertise allows it to develop innovative solutions and capitalize on emerging trends, providing a competitive advantage in various industries.

Financial Stability: Mitsubishi Corporation's strong financial position is a key strength. The company consistently generates substantial revenue and maintains healthy profit margins, allowing it to make strategic investments, pursue growth opportunities, and weather economic downturns.

Weaknesses

Complex Organizational Structure: As a large conglomerate with diverse business interests, Mitsubishi Corporation's organizational structure can be complex and bureaucratic. This may slow down decision-making processes, hinder agility, and create challenges in aligning strategies across different business units. Particularly, *the* company has been facing critical challenges in leadership and management and there have been a lot of changes recently in the top management of the company which has led to a lot of uncertainty and disturbance amongst the employees.

Lack of presence in emerging markets: Most of the products that Mitsubishi Motors produce are in the sedan or the SUV category. The company has no products in the hatchbacks or crossovers category. This is a category where the demand and trend have been growing in the emerging economies and the company must address this segment.

Threats

Mitsubishi Motors faces several threats in the current business environment. One significant threat arises from increasing costs, particularly due to rising fuel prices, which could potentially dampen car sales. Additionally, intense competition within the automotive industry, from companies such as Chevrolet, Nissan, Toyota, Hyundai, and GM, poses a challenge to Mitsubishi's market share and growth prospects.

The company's global operations also expose it to political and economic uncertainties, including currency fluctuations and exchange rate risks in regions like the US, Europe, and Russia. Moreover, the emergence of new local distributors in certain markets presents a threat, as they may offer higher margins and benefit from government schemes, potentially impacting Mitsubishi's market presence.

Furthermore, technological advancements by competitors pose a significant threat. Mitsubishi risks losing market share to competitors who introduce innovative technologies that attract buyers away

from its offerings. These threats underscore the importance of strategic planning and adaptation to mitigate risks and sustain Mitsubishi's competitiveness in the automotive industry.

Opportunities

Mitsubishi Motors has opportunities to capitalize on in the current market. One such opportunity arises from the increasing demand for hybrid and environmentally friendly cars due to heightened awareness of global warming and environmental concerns. The company's early entry into this market since 2010 positions it ahead of competitors.

Emerging markets like China and India offer potential for growth in automobile sales, with projections indicating a rise of 10 to 20% in the next decade. Forming strategic alliances with automotive manufacturers, such as Nissan, can further enhance demand and sales.

Additionally, adapting to new environmental policies presents opportunities for Mitsubishi to maintain a competitive edge, particularly with its focus on hybrid and electric vehicles. Furthermore, embracing technological advancements can drive efficiencies across operations, from automation to enhanced data analytics for improved customer insights and marketing strategies. These opportunities underscore Mitsubishi's potential for growth and innovation in the automotive industry.

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