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ENTERTAINMENT | P14
JAPANESE EPIC *SHOGUN* MAKES HISTORY AT EMMYS

NATION | P2
First signs of flu — is absenteeism justified?

THE VIEWS | P8
Netanyahu's far-right agenda fuels war in region

BUSINESS | P6
Etihad Airways unveils summer 2025 schedule

Central Bank slaps Dh5m fine on UAE bank

DUBAI

The Central Bank of the UAE (CBUAE) imposed a financial sanction on a bank operating in the UAE. The decision is pursuant to its law on anti-money laundering and combating the financing of terrorism and illegal organisations.

The CBUAE has fined the bank Dh5 million, and directed the bank to present the Central Bank's action to the board of directors of the overseas headquarters.

Need for transparency

The CBUAE, through its supervisory and regulatory mandates, works to ensure that all banks, their owners and staff abide by the UAE laws, regulations and standards adopted by the CBUAE to safeguard the transparency and integrity of the banking industry and the UAE financial system.

The move comes a month after the UAE Central Bank imposed financial sanctions on another bank over illegal financing policies, then imposing a fine of Dh5.8 million on the bank.

The authority did not name the banks in both cases. The Central Bank had imposed administrative sanctions on eight banks operating in the UAE last year.

—WAM

US ELECTIONS

TRUMP SAFE AFTER NEW ASSASSINATION ATTEMPT

Second apparent bid on Republican presidential candidate's life further charges up an already fiery race for White House. Ukraine supporter suspect charged with gun crimes | P10

Investors brace for first US rate cut since 2020

ANALYSTS CONSIDER 25-BASIS-POINT CUT AS A SAFE BET

DUBAI
BY JUSTIN VARGHESE
Your Money Editor

The US is gearing up to announce its first interest rate cut for more than four years tomorrow, with policymakers expected to debate how big a move to make.

As senior officials at the US central bank including Fed chair Jerome Powell have in recent weeks indicated that a rate cut is coming this month, keeping rates unchanged is no longer in the books.

The debate, however, this week will likely centre on whether to move by 25 or 50 basis points, with policymakers being left with a choice: make a smaller 25 basis point-cut, or a more aggressive cut of 50 basis points, which would be helpful for the US job market but could also risk reigniting inflation.

Analysts see the smaller cut as a safe bet. "We expect the Fed to cut by 25bp (basis points)," economists at Bank of America wrote in a recent note to clients.

How big a cut?

However, a rate cut of any size would be the Fed's first since March 2020, when it slashed rates to near-zero in order to support the US economy through the Covid-19 pandemic.

The Fed started hiking rates in 2022 in response to a surge in inflation, fuelled largely by a post-pandemic supply crunch and the war in Ukraine.

It has held its key lending rate at a two-decade high of between 5.25 and 5.50 per cent for the past 14 months, waiting for economic conditions to improve.

Now, with inflation falling, the labor market cooling, and the US economy still growing, policymakers have decided that conditions are ripe for a cut.

How many cuts?

Most analysts agree that there is less clarity about what comes after a September rate cut.

The Fed will shed some light on the issue tomorrow, when it publishes the updated economic forecasts — including their rate cut expectations.

In June, the number of cuts pencilled in this year were sharply reduced from a median of three down to just one amid a small uptick in inflation. But as inflation has fallen, expectations of more cuts have grown.

"We continue to expect three rate cuts of 25bp each at the remaining 2024 meetings," Goldman Sachs chief economist Jan Hatzius wrote in a note to clients published on Thursday. Traders also see a greater-than 99 pe rcent chance of at least four more cuts in 2025.

POLICY HIGHLIGHTS
INTEREST RATES AND COMBATING INFLATION

3 more rate cuts of 25bp each expected in 2024

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1 **The Fed has held its key lending rate** at a two-decade high of between 5.25 and 5.50 per cent for the past 14 months

2 **The number of cuts pencilled in this year** were reduced from a median of three to just one amid a small uptick in inflation

Is the gold price too high for you? Get diamonds instead

Jewellers in UAE now offer 'diamond price protection' schemes

DUBAI
BY MANOJ NAIR
Business Editor

After gold, UAE shoppers can now get price guarantee on diamonds too, industry experts reveal.

Jewellers are now offering 'diamond price protection' schemes that promise shoppers full or near-full resale value on diamond jewellery.

Change had to come in given the way gold prices are soaring and drastically limiting the number of grams that shoppers could buy in any one purchase. In this scenario, offering price protection guarantees on diamond purchases was an absolute must. Today, it has reached $2,586 an ounce, going past the record it set on Friday last (September 13).

Limited to few

While these schemes require the shopper to bring back diamond collections bought from the same retailer, in rare instances, they also allow buybacks on jewellery originally bought from another jeweller, but the process of exchange takes longer.

> **Jewellery retailer allow buybacks on jewellery originally bought from another jeweller, but the process of exchange takes longer.**

Also, the price protection scheme is limited to a few jewellery retailers currently, and while this should soon become widespread as long as more customers insist upon such guarantees for diamond purchases, a prevalent risk is that this too isn't a certainty either.

Even with all the new guarantees, it will take a sustained effort for the typical gold shopper to switch over to a diamond encased jewellery. The whole buyback process needs to be transparent in much the same way that exchanging gold is. This is why shoppers must take extra care to retain their invoices and diamond certifications if they plan to exchange it for something new.

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SPORT
What to expect from the revamped Champions League | P12

WORLD
Storm Boris unleashes central Europe flooding, toll hits 11 | P11