

## Finance Islamique

Still in its infancy 30 years ago, Islamic finance today boasts a total of some **\$3,500 billion** worldwide. The total value of so-called *charia*-compliant assets grew by more than 60% between 2012 and 2019.

At the same time, several studies have revealed the resilience of Islamic banks in the face of the 2007 financial crisis. In this context, many Western leaders have taken an interest in the workings of this alternative finance sector, which is experiencing rapid growth, within the framework of the regulation and oversight of global financial practices.

### Origins and Foundations of Islamic Finance

The **Coran**, the primary source of **Islamic law**, and the **Sunna**, a **transcription of the acts** and words of the **Prophet Muhammad**, are the two main religious sources of Islamic finance.

The **Charia**, the Islamic law governing **economic and social practices**. In particular, it gives rise to the principles on which Islamic financial practices are based.

These practices are grounded in what is **forbidden (haram)** and what is **permitted (halal)**.

In theory, the sharing of **losses and profits (PPP)** and the **redistribution of wealth** are recommended, with the principle of equity being the central pillar of Islamic financial practices. In Islamic finance, several practices are forbidden or prohibited:

- **The charging of predetermined interest (riba):** money cannot be created without "work." Therefore, the creation of wealth not based on a real transaction is forbidden. Interest and profit must not be confused. The **interest** concerns the creation of money out of thin air (*ex nihilo*), whereas the **profit** is defined as a difference in value during "real" transactions and is therefore permitted in Islamic finance.
- **Hoarding (thésaurisation):** only **precautionary savings** intended for debt repayment or social needs are permitted. To comply with this principle, many Islamic investors are compelled, **unable to save**, to invest in enormous projects. This can be observed in particular in certain Gulf countries, notably in the United Arab Emirates (Dubai's Burj Khalifa tower, or the planned construction of a replica of the Taj Mahal with an estimated budget of over one billion dollars).
- **Financial and commercial activities or operations linked to the occurrence of random events**, such as insurance contracts in conventional finance. Islamic finance permits only certain insurance contracts: **life insurance based on the principle of precaution rather than uncertainty**, and the so-called **tacafoul insurance**, which rests on several specific principles.
- **Speculation (maysir)** is also forbidden. All financial products whose underlying assets are subject to **uncertain fluctuation** are thus prohibited, such as futures contracts, swaps, options, etc. However, sales of goods or services that are inherently dependent on random events, such as **agriculture**, are permitted (for example, negotiating the price of raw materials before the harvest).

- **Investment in immoral activities: investing in immoral activities.** For example, any operation linked to tobacco, alcohol, gambling, or any investment in an activity contrary to the principles of the *Charia* — is forbidden.

## ***La France acte la fin du franc CFA***

The bill formalizing the end of the **CFA franc** was adopted in the Council of Ministers in 2020. The French Council of Ministers approved the bill ending the CFA franc in eight West African countries. Laden with colonial symbolism, this currency will be **replaced by the Eco**. France will also withdraw from West African monetary institutions.

### **Qu'est-ce que le franc CFA?**

The CFA franc was created in 1945, in the aftermath of the Second World War. At the time, the abbreviation stood for "**franc des colonies françaises d'Afrique.**" Over time, and with the independence of these former colonies, "CFA" came to mean "**coopération ou communauté financière africaine.**" Fourteen African countries still use the CFA franc: six within the framework of the Communauté Economique et Monétaire de l'Afrique Centrale (CEMAC) and eight within the Union Economique et Monétaire Ouest-Africaine (UEMOA). Only the latter will change their currency.

The colonial symbolism of the CFA franc had long been criticized, especially since France continued to be present in the governing bodies of the West African monetary union. During a meeting with his Ivorian counterpart Alassane Ouattara last December, Emmanuel Macron acknowledged that the CFA franc was "perceived as one of the vestiges of Françafrique." For some economists, the fixed parity of the CFA franc with the euro, which ensures its stability, has also slowed the development of Francophone Africa.

### **Where and when will the CFA franc disappear?**

The bill formalizing the end of the CFA franc was adopted in the Council of Ministers in 2020. It follows logically from the cooperation agreement signed between France and the West African states to deeply reform the monetary system. For its part, the monetary community of Central Africa has not planned to put an end to the CFA franc.

In Benin, Burkina Faso, Ivory Coast, Guinea-Bissau, Mali, Niger, Senegal, and Togo, the CFA franc will therefore disappear in favor of a new currency called the Eco. Ultimately, this single currency is expected to apply to the entire Communauté économique des États de l'Afrique de l'Ouest (CEDEAO), including Nigeria, the economic engine of the region. It is in fact Nigeria, which has an independent currency, that had called for any potential West African common currency to be disconnected from the French Treasury.

### **What will this change in practical terms for the countries concerned?**

Beyond the change of name, the end of the CFA franc provides for France's withdrawal from the West African monetary governance bodies in which it had been present. African countries will also **no longer be required to transfer 50% of their foreign exchange reserves to the Banque de France**, an obligation widely perceived by critics of the CFA franc as highly humiliating. In the future, the **central bank of the West African monetary union "will be free to invest its assets in instruments of its choice,"** France stated.

However, the Eco will retain its fixed parity with the euro, like the CFA franc. For African states, this peg helps avoid inflation risks and maintain investor confidence. For the eurozone, it is a good way to preserve a privileged economic relationship with the region. This system could be revised in the coming years, when a single currency for the entire Communauté Economique des Etats de l'Afrique Occidentale (CEDEAO) emerges.

## IEOM

The ***Institut d'Émission des Départements d'Outre-mer (IEDOM)*** is a **central institution** for the **economic balance of eight French overseas territories using the euro** (namely Guadeloupe, Guyane, Martinique, Mayotte, La Réunion, Saint-Barthélemy, Saint-Martin and Saint-Pierre-et-Miquelon).

As a **subsidiary of the *Banque de France***, the IEDOM acts by delegation to carry out central bank functions in these areas. Its role has become indispensable in supporting demographic and digital developments, while actively engaging in the fight against climate change.

In concrete terms, the IEDOM's work is structured around several key areas that have a direct impact on the daily lives of both individuals and businesses. The institute manages the circulation, security and quality of euro coins and banknotes. On the economic front, it analyses the financial health of businesses and produces reference studies on inflation, unemployment and financing conditions.

The IEDOM also plays a major social role by supporting individuals in financial difficulty, particularly through the ***procédure de droit au compte*** and the **handling of over-indebtedness (*surendettement*)**, while also contributing to the financial education of citizens.

# L'analyse Technique

## Analyst Recommendations

Through your online broker or bank, in the section dedicated to company analysis, you can find, for certain stocks, analyst recommendations (or *ratings*) that track the performance of those stocks. These are officially the results of in-depth analysis of a company's fundamentals in line with market trends. They are often accompanied by a price target.

For example, a recommendation on the Bekaert stock might be positioned as "buy" (*acheter*) with a price target of 50 euros. By convention, if no timeframe is specified for reaching the price target, it is understood to mean "within three months."

## The Different Ratings

- **Buy (*acheter*)**. The most positive view. The analyst considers the stock worth buying.
- **Accumulate (*accumuler*)**. The analyst advises investors to buy additional shares when the price weakens.
- **Outperform (*sur-performance*)**. The stock has performed better than its benchmark index. This is a buy signal.
- **Hold (*conserver*)**. A neutral view. The analyst advises holding the shares temporarily.
- **Underperform (*sous-performance*)**. The stock has performed worse than its benchmark index (e.g. the Bel20). This is a sell signal.
- **Reduce (*réduire*)**. The analyst advises investors to sell a portion of their shares when the price rises.
- **Sell (*vendre*)**. The most pessimistic view. The analyst believes the stock should be sold following bad news.

## Beware of Isolated Opinions

Some listed companies are followed by very few analysts, or by just one. In such cases, extreme caution is warranted. It amounts to betting on black or red at the casino. The same completely skewed result can occur when around twenty analysts follow a stock and half recommend buying while the other half recommend selling.

When a single analyst issues a positive opinion, always check in the annual report whether the bank holds a more or less significant stake in the firm. If it does, the opinion is suspicious — there is a good chance that the bank is advocating in its own interest. The same kind of biased cheerleading can be found among certain private individuals who flood stock market forums with fanciful price targets in the hope of driving up the value of their own holdings.

## Analyst Recommendations: Proceed with Caution

As just outlined, not all stocks are covered by analysts. Illiquid stocks of small companies, exchanged in low volumes, are generally not covered by analysts, or only barely. The reason is straightforward: if a stock is little known and therefore rarely traded, the bank will earn very little in transaction fees. Do not forget that a bank is not the Salvation Army — quite the opposite.

Furthermore, analyst recommendations can be entirely artificial, with the sole purpose not of informing the client but of generating maximum market activity and therefore revenue for the bank.

Finally, a bank may also temporarily downgrade its *rating* in order to push a stock's price down and buy it cheaply. Conversely, it may upgrade it to drive the price up and close out a position. This is what is known as **market manipulation** (*manipulation du cours*).

In short, analyst recommendations are sometimes useful pieces of information when they converge, but they should under no circumstances dictate your choices. Form your own opinion by analyzing and comparing for yourself the strengths and weaknesses of the company you are interested in.

## Fundamental Analysis vs Technical Analysis: The Showdown — Video

Fundamental analysis and technical analysis represent two distinct approaches that investors use to navigate financial markets.

- **Technical analysis** is about studying charts, focuses on examining past curves and trends in order to anticipate future price movements. To do so, the analyst uses specific tools such as *moyennes mobiles* (moving averages) to identify trends, oscillators such as the RSI or the MACD to measure the strength of those trends, and Bollinger Bands to assess volatility. This method also examines transaction volume to confirm the intensity of price movements.
- **Fundamental analysis** resembles an in-depth investigation into the hidden truths behind a company's figures. The objective is to determine the real value of a stock by scrutinising financial reports, earnings, debt levels and the company's competitive position. This approach does not stop at internal data, as it also incorporates macroeconomic and political factors such as inflation, national growth, or regulatory changes that could influence economic activity.

The choice between these two methods depends on the investor's philosophy and objectives. **Technical analysis is often favored for short-term strategies** and for **optimizing market entry timing**. **Fundamental analysis**, on the other hand, is generally used to build **solid long-term portfolios**. The video notes that there is no absolute preference and even encourages investors to become **agents hybrides** by combining the art of chart interpretation with the rigor of financial data.

# LES CHANDELIERS JAPONAIS EN BOURSE

## PART 1 - HISTORY AND ORIGINS

### 1.1 Munehisa Honma — the Creator of Japanese Candlesticks

**Munehisa Honma** is considered the creator of Japanese candlesticks and the first Japanese speculator in history. His trading focused exclusively on the rice market in the 17th century.

At that time, the only available data consisted of obscure price tables. His curiosity led him to record, for each period, 4 data points on rice paper:

- The opening price
- The closing price
- The highest price reached during the period
- The lowest price reached during the period

This painstaking work, repeated over days and then years, allowed him to identify recurring graphical patterns. He named his earliest figures with names still in use today: *doji*, hammers, engulfing patterns, and so on. This method gave him an enormous advantage and allowed him to amass a considerable fortune. He remains the pioneer of technical analysis in the East.

### 1.2 The Introduction to the West — Steve Nison

Japanese candlesticks were **brought to the West in the late 1980s by Steve Nison**. He introduced them to the United States and wrote a book about them, which played a major role in the adoption of this visual price representation by the world of finance. Today, Japanese candlesticks have become an indispensable tool.

Here is the translation, keeping the specific terms in their original language:

## PART 2 - CONSTRUCTION OF A CANDLESTICK

### 2.1 Why Candlesticks Are Superior to a Simple Line Chart

A simple line chart provides only one piece of information: the closing price (or the price at a given moment T). It does not show the extremes reached during the period, nor the psychology of market participants.

A Japanese candlestick conveys 4 analytical pieces of information:

- The opening price of the period (*open*).
- The closing price of the period (*close*).
- Its highest point during that period (*high*).
- Its lowest point during that period (*low*).

Markets are made up of buyers and sellers. Humans are irrational, emotions take over in times of stress. Candlesticks allow us to read the psychology of the participants at work on the price.

### 2.2 Anatomy of a Candlestick

**The *body*:** the distance between the opening and closing price. Positive for a bullish candlestick (green/blue), negative for a bearish candlestick (red/black).

**The *wicks / shadows*:** thin lines above and below the body representing the extreme levels (high and low) reached during the period.

Reality often differs from the theoretical version: the body can be tiny or absent, and the wicks can be absent or disproportionate relative to the body.

### 2.3 Candlestick Colors

**Red (or black)** → bearish session: the close is lower than the open.

**Green (or blue)** → bullish session: the close is higher than the open.

### 2.4 The Notion of "Period" vs "Session"

The term "**period**" is generic: the candlestick takes shape over the duration corresponding to the **time unit selected on the chart**.

A "**session**" is merely a specific case corresponding to one trading day (daily unit).

### 2.5 Breaking Down Candlesticks According to Time Unit

A candlestick is a combination of several candlesticks from a shorter time unit. This allows for greater reading precision and a more refined chart analysis.

- 1 monthly candlestick = ~4 weekly candlesticks = ~21 daily candlesticks.
- 1 weekly candlestick = 5 daily candlesticks = ~10 candlesticks on the 4h.

Observing the same price across multiple time units allows candlesticks to be broken down and the analysis to be refined.

## PART 3 - READING AND PSYCHOLOGY OF CANDLESTICKS

### The 3 Elements to Observe

- **The size of the body:** the larger the body, the more directional the trend. A long bullish body = strong dominance of buyers. A long bearish body = strong dominance of sellers.
- **The position of the wicks relative to the body:** a long upper *wick* on a bullish candlestick may signal a loss of momentum in the upward trend. A long lower *wick* on a bearish candlestick may signal a reversal.
- **The ratio between the wicks and the body:** a tiny body alongside long *wicks* indicates indecision and a struggle between buyers and sellers.

## The Invention of Luxury *à la Française*

The documentary traces the historical construction of what is known today as “French luxury,” focusing primarily on the period from the reign of **Louis XIV to that of Louis XVI**.

It explains how France, initially dependent on foreign luxury goods, gradually developed its own high-end industries through state intervention, technological transfer, and cultural influence.

At the **beginning of the 17th century**, France was largely an importing country when it came to luxury products. Items such as **mirrors** from Venice, **textiles** from Italy and the Netherlands, and **porcelain** from China dominated the market. These goods were highly valued by the French elite, but their importation created a significant trade deficit. When **Louis XIV** came to power (1661), his finance minister **Jean-Baptiste Colbert** made it a priority to strengthen the national economy and reduce dependence on foreign goods. His strategy aimed at boosting domestic production, especially in the luxury sector, which he saw as key to increasing exports and national wealth.

A central aspect of Colbert’s policy was the acquisition of foreign know-how, sometimes by legal means and sometimes through espionage. The case of **mirror** production illustrates this approach. Venetian mirrors were extremely valuable due to their technical sophistication, and their manufacturing secrets were closely guarded. Colbert sent agents to Venice to recruit or abduct skilled craftsmen. Despite the risks—including threats of death imposed by Venetian authorities—some artisans were brought from Murano to France. In 1665, the first French mirror factory was established in Paris. Although initial attempts struggled to match Venetian quality, this marked a turning point in the development of a domestic luxury industry.

A similar strategy was applied to **textiles**. The Dutch dominated the production of high-quality fabrics, and France’s fragmented and inconsistent manufacturing system could not compete. Colbert encouraged foreign entrepreneurs, such as Josse Van Robais, to settle in France with their workers and equipment. New manufactories were created across the country, producing fine cloth, silk, lace, and other luxury textiles. To ensure quality, the state imposed strict regulations and standardized production processes. Products were inspected and marked to certify their origin and quality, reinforcing the reputation of French goods.

Despite these efforts, competition remained strong, particularly in the case of Chinese **porcelain**, which fascinated European elites. French artisans initially failed to replicate its translucency and durability, producing instead a softer and inferior version. The true secrets of porcelain production, including the use of **kaolin** and high-temperature firing techniques, remained unknown in Europe for a long time. Jesuit missionaries eventually gathered information in China, but it was not immediately exploited. Meanwhile, European countries, especially Germany, began to make progress, increasing competition.

**Colbert’s broader economic program** combined **protectionism and state support**. Import tariffs were increased, exports encouraged, and industries sponsored. Luxury goods were considered particularly strategic because they offered high added value and strong export potential. This policy was accompanied by military action, such as the war against the Netherlands, aimed in part at weakening commercial rivals.

**Versailles** played a crucial symbolic and practical role in promoting French luxury. The palace became a showcase of royal power and refinement, especially through features like the **Hall of Mirrors**. Even though technical limitations required assembling smaller mirrors, the overall effect impressed visitors from across Europe. The court also functioned as a center of fashion and

consumption, with the king setting trends and encouraging the use of French-made products. Luxury thus became both an economic tool and a political instrument.

However, this system was not without **criticism**. Thinkers such as **Fénelon** denounced luxury as morally corrupting and economically harmful, while others, like **Voltaire**, defended it as a natural consequence of progress. At the same time, France faced ongoing **financial difficulties**, exacerbated by wars and administrative challenges. Regulations were often difficult to enforce, and **fraud remained widespread**.

Under **Louis XV** (1715-1774), the focus shifted toward **innovation and the diffusion of knowledge**. Scientific institutions, such as the Académie des Sciences, were involved in improving industrial techniques. Inspectors documented manufacturing processes and shared expertise, reflecting Enlightenment ideals of progress through knowledge. This led to significant advances, particularly in textiles and ceramics. The manufacture of Sèvres, for example, became renowned for its artistic creativity and new colors, even before mastering hard-paste porcelain.

Eventually, France succeeded in discovering the **secret of true porcelain** with the identification of kaolin deposits near Limoges. This breakthrough allowed the country to compete successfully with foreign producers and strengthened its position in international markets. At the same time, industries such as **silk production in Lyon reached their peak**, employing thousands of workers and producing highly complex fabrics. French luxury goods became widely exported, and the country experienced **significant growth in foreign trade**.

Under **Louis XVI** (1774 to French Revolution), the influence of French luxury extended even further, shaping European tastes and lifestyles. **Fashion, in particular, became a major driver of consumption**. Figures like **Rose Bertin, dressmaker to the queen Marie-Antoinette**, played a key role in **creating trends and stimulating demand**. Luxury was no longer limited to the court but spread to the bourgeoisie, contributing to a broader **"culture of appearances."** At the same time, **economic thinking evolved, with increasing support for freer markets and less regulation**. Consumers began to prioritize novelty and variety over strict quality standards.

**In conclusion**, the invention of French luxury was the result of a long process combining state intervention, technological transfer, industrial organization, and cultural influence. From a position of dependence on foreign goods, France managed to build a powerful and innovative luxury industry that not only strengthened its economy but also shaped its global reputation for centuries.