



CIO OFFICE MORNING MARKET WRAP

30 August 2024

US Q2 GDP second estimates came in higher than anticipated at 3% keeping the 'soft-landing' narrative intact. Today's PCE data release would shed more light on this narrative. Across the Atlantic, Germany's CPI came in below expectations at 1.9%. Both Initial and continuing Jobless claims in the US came in below expectations indicating that labour market conditions have not sharply deteriorated. The strong macro data resulted in US front-end yields increasing and the yield curve flattened. The \$44 Bn 7-year note auctions were soft but did not impact the price action significantly.

S&P 500 was flat whereas Nasdaq declined by 0.2%. Most of the tech stocks declined in the last 90 minutes of trading with Nvidia dropping more than 6%. Intel's woes continued as Bloomberg reported that the company had hired wall-street banks to advise on a turnaround strategy. Tech was the worst performer while energy stocks topped the charts yesterday. Overall, DM stocks were flat while EM stocks lost 0.2%.

This morning the Asian stocks are in the green with Hang Seng up 2% driven by upbeat earnings and rebound in EV stocks. Mainland China stocks are also up 1.7%. Tokyo's core CPI unexpectedly accelerated to 2.4% in August, from 2.2% in July giving support to BoJ for a rate hike later this year. Gold has dropped to \$2,514 whereas Brent Crude trades above \$80. The benchmark 10-year US Treasury yields hovered around overnight levels of 3.86%.

Today, we will see the Core PCE data that is expected to come in at 2.5% and University of Michigan Sentiment print. US personal income and spending data are also due today. We get the August preliminary CPI data for the Eurozone which would throw some light on ECB's rate cut trajectory. France's CPI and Q2 GDP data would come out later in the afternoon as well. India's Q2 GDP growth is expected to have dropped to 6.8% from 7.8% last quarter.

Have a good day!

Chief Investment Office
Wealth Management,
Emirates NBD.

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