



CIO OFFICE MORNING MARKET WRAP

12 December 2024

November US Headline CPI rose 0.3% MoM in November while the core index rose 0.3% in line with expectations. This is the fourth straight strong reading marking analysts view that disinflation has stalled. Energy CPI rose 0.2% while food prices rose 0.4%. Core services CPI overall posted its softest monthly increase since June at 0.28% while core Goods CPI at 0.3% was the highest in the last 6 months. Swap markets are now pricing 23bp of easing in December (93% chance of a cut), up from 21bp on Tuesday (83% chance). Today, treasury will auction \$22bn reopened 30-year bonds, unchanged in size from the last reopening auction in October.

The US Treasury yield curve bear steepened by 2 to 6 bps with the 30 year a tad below 4.5%. Fed rate cut expectations boosted the equity markets with both S&P and Nasdaq 100 higher 0.8% and 1.8%, respectively, snapping a two-day losing streak. Developed markets were up 0.7% while emerging market stocks were down 0.3%. IT, Consumer Discretionary and Communication Services were the best performing sectors.

Markets this morning:

This morning the Asian stocks are in the green following last night's markets. Hong Kong and mainland China stocks are up 1.4% and 0.8%. CBS reported that President elect Trump has invited President Xi to attend his inauguration next month. Meanwhile, China's two-day Central Economic Work Conference is expected to map out policies for next year, following stimulus signals from top leaders. Nikkei is up 1.3% this morning after a fresh bout of weakness in the Yen. The benchmark US 10-year yield is up 1 bps to trade at 4.28%. Gold has weakened slightly to \$2,708. Brent Crude trades above \$73.5.

Upcoming Key events/data:

European Central Bank is widely expected to cut rates by 25 bps today. SNB is also likely to follow suit to curb currency strength. US PPI is expected to increase by 0.2% in November. India's CPI may have eased to 5.5% year-on-year, down from 6.2% a month earlier while the country's Industrial Production may be up 3.5%.

Have a good day ahead!

Chief Investment Office
Wealth Management,
Emirates NBD.

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