



CIO OFFICE MORNING MARKET WRAP

13 December 2024

US PPI prices jumped more than anticipated by 0.4% in November. Core PPI number was in line with expectations at 0.2%. Initial Jobless Claims also climbed to 242k. President elect Trump's economic advisers are considering doubling the state and local tax deduction to \$20,000, a popular, but expensive, tax break that could deliver big savings to many residents of New York, New Jersey, and California. Meanwhile, Canada may add export taxes on commodities including uranium and oil if Trump carries out his tariff threat, according to Bloomberg.

US Treasury yields increased by 3 to 7 bps across the curve and the curve bear-steepened. Yesterday's 30-year bond auction was lackluster. Investors now look at next week's FOMC meeting to gauge the direction of Treasury moves. Both S&P 500 and Nasdaq 100 dropped over 0.5% last night. DM stocks dropped 0.4% while EM stocks went up 0.4%. Most of the sectors were in the red except consumer staples. Broadcom soared post market after predicting a 65% gain in its AI product sales in the first quarter. Earnings also beat expectations on key metrics.

ECB as expected cut rates by 25 bps for a third consecutive meeting, signaling more reductions next year as inflation nears 2% and the economy struggles. Indicating its shifting stance, the ECB's statement dropped wording saying policy will remain "sufficiently restrictive" for as long as necessary. Dangers to growth remain tilted to the downside, according to President Christine Lagarde, who pointed to waning momentum in the 20-nation euro zone.

Markets this morning:

Chinese shares declined as authorities again left investors guessing on the specifics of a fiscal stimulus even as their key policy meeting vowed to boost consumption. Both Hong Kong and Chinese mainland shares dropped more than 1.6% this morning. US 10-year yields trade around overnight levels of 4.32%. Gold has dropped below \$2,700. Brent Crude trades around \$73.4.

Upcoming Key events/data:

UK GDP probably gained 0.1% in October after declining by the same amount in the previous month. Industrial Production in the UK are predicted to increase 0.3%. Euro-area industrial production may also have improved, coming in flat following a September decline.

Have a good weekend!

Chief Investment Office
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