



بنك الإمارات دبي الوطني  
Emirates NBD

## CIO OFFICE MORNING MARKET WRAP

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Global markets ended lower last week, with the MSCI ACWI down -0.9%, led by declines in developed markets (-1.0%) while emerging markets posted a modest gain of +0.2%. The S&P 500 slipped -0.6% however, is still 5% higher since Election Day, supported by expectations that Trump administration's policies will boost business activity. Tech fared relatively better on the back of semiconductors as Broadcom's valuation crossed \$1 trillion on Friday after its shares surged 24% driven by forecasts of robust AI chip demand, which the company projected could generate as much as \$90 billion in revenue by 2027 – more than four times the current size of the market. However, while the Nasdaq 100 hit record highs, broader US markets experienced more uneven performance, as the equal-weighted S&P 500 index declined relatively more over the week (-1.7%).

In Europe, the MSCI Europe Index fell -0.8% with sectors tied to resources, such as mining, saw significant losses due to limited clarity on China's economic stimulus plans. Financials and auto stocks provided some stability, but overall market momentum was hindered by weak consumer sentiment and broader economic challenges across the region. In Asia, Chinese equities gained, with the MSCI China Index climbing +0.5% as support came from announcements during the Central Economic Work Conference, where leaders outlined plans to boost fiscal spending in 2025 and increase domestic consumption. Infrastructure investments and targeted subsidies were emphasized, though the lack of concrete policy details capped enthusiasm. China's 10-year government bond yields fell below 1.8% for the first time, as authorities vowed to cut policy rates and bank's reserve ratios. Japan's TOPIX rose +0.7%, aided by a weaker yen while the MSCI India Index extended its four-week rebound by +0.3%, supported by gains in the telecom sector.

US Treasuries experienced their worst week in over two months, with the 10-year yield rising to 4.40%. Shifts in rate-cut expectations followed a mix of economic signals, including accelerating wholesale inflation and higher-than-expected jobless claims. Swap traders now anticipate three quarter-point rate cuts over the next year, down from prior forecasts of four. The Fed's upcoming decision is widely expected to result in a 25bps cut; and may signal a slower easing cycle going forward. Currencies showed mixed moves last week. The dollar strengthened for a second consecutive week, supported by expectations of a shallower easing cycle compared to other regions. The British pound weakened after reports of an economic contraction in the UK, while the euro edged higher after the ECB sounded less dovish following a policy announcement. Commodities saw notable action, with gold prices rising +0.6% to \$2,648 per ounce and Brent crude oil climbing nearly +4.6% for the week to close above \$74.5 per barrel, driven by concerns over tighter US sanctions on Iran and Russia.

### Markets this morning:

Today, Chinese shares weighed on broader Asian markets following data releases that pointed to weaker-than-expected retail sales, which signaled ongoing challenges for the country's economic recovery. Retail sales grew by just +3% year-over-year, falling short of the 5% forecast by economists, while the CSI 300 Index slipped for a second consecutive day. The disappointing data came after last week's market unease over Beijing's vague pledges to boost consumption without concrete fiscal stimulus details. While Japan's equities managed to rise, shares in Hong Kong and Australia retreated. US futures edged slightly higher after the S&P 500 ended flat on Friday, and Bitcoin surged to a record high.

### Upcoming Key events/data:

This week will focus heavily on central bank decisions starting with the Fed on Wednesday, followed by announcements from the BOJ and the BOE later in the week. Key economic data include Eurozone and UK PMI. By midweek, inflation readings from the UK and Eurozone will be released, providing further clarity on price pressures across Europe. US GDP revisions and personal income and spending data, including the Fed's preferred inflation gauge, the PCE price index, will close out the week.

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