



بنك الإمارات دبي الوطني  
Emirates NBD

## CIO OFFICE MORNING MARKET WRAP

17 December 2024

Global markets ended lower yesterday, with US equities outperforming other regions ahead of this week's central bank decisions. The MSCI ACWI rose +0.2%, supported by gains in US markets, while Europe and Asia struggled. The S&P 500 climbed +0.4%, led by strong performance in semiconductor firms, including Broadcom, which extended its rally on optimistic AI-related revenue forecasts. While the Philadelphia Semiconductor Index gained +2%, Nvidia diverged from the sector's upward momentum, slipping -1.7%. Nvidia has moved mostly sideways in the past month as the market seeks clarity on how fast it can roll out its Blackwell AI chips. Regardless, the stock had a phenomenal year overall, up +166% year to date.

In Europe, the MSCI Europe Index slipped -0.1% as growth concerns and sector-specific challenges weighed on sentiment. Porsche SE led declines in the auto sector after withdrawing its profit forecast due to impairments tied to stakes in Volkswagen and Porsche AG. Energy stocks also fell as oil prices weakened following weak economic data from China. On the economic front, German business activity eased slightly in December, with the composite PMI rising to 47.8, driven by a resumption in services sector growth even as manufacturing continued to struggle. In France, economic concerns worsened as the Bank of France lowered its 2025 GDP growth forecast to 0.9%, citing fiscal tightening and political uncertainty, which has slowed household and business confidence.

In Asia, Chinese equities fell, with the MSCI China Index down -1.1%, as economic data disappointed. November retail sales grew just 3% year-over-year, well below expectations of 5%, underscoring weak domestic demand despite recent stimulus efforts. The CSI 300 Index fell for a second session, and Hong Kong's Hang Seng Index declined as real estate and consumer stocks lost ground. Japan's TOPIX dropped 0.3%, with losses in manufacturing offsetting support from a weaker yen.

US Treasury yields held around 4.39%, ahead of the Fed's decision. In Europe, bond yields moved slightly higher. French sovereign bonds remained under pressure after the Bank of France's weak growth outlook, widening spreads against German yields. The US dollar was steady, supported by expectations that the Fed will take a gradual approach to rate cuts compared to other central banks. The British pound strengthened on positive economic data, while the euro stayed within a narrow range ahead of eurozone data releases (CPI/consumer confidence). The yen weakened further as traders expected the BOJ to stick with its current policy stance. Oil prices declined, with Brent crude falling -0.8% to \$73.9 per barrel following weak Chinese economic data that raised concerns about demand. Gold rose slightly, gaining +0.2% to \$2,653 per ounce.

### Markets this morning:

Today morning, Asian equities showed a more positive tone, Japan's TOPIX added +0.2%, supported by a weaker yen and expectations that the BOJ will maintain its accommodative stance. However, gains were limited as Chinese markets remained subdued following Monday's disappointing retail sales data. A-shares rose with the CSI 300 Index trading higher (+0.5%), while the Hang Seng Index fell -0.4%. While a strong session in the US overnight helped sentiment, concerns over China's economic recovery continued to hold back regional markets.

### Upcoming Key events/data:

Looking ahead, markets will focus on major central bank decisions this week. The Fed is expected to announce a 25bps cut on Wednesday, while attention will be on Chair Powell's comments. The BOJ and the BOE will follow with their policy decisions later this week. US economic data, including GDP revisions, personal income, spending and the PCE inflation report, will provide further insights into the state of the economy. In Europe, CPI and consumer confidence data for the eurozone and UK PMI will offer a clearer picture on consumers and businesses as the year comes to a close.

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