



INSPIRING WHAT'S NEXT

CIO OFFICE MORNING MARKET WRAP

26 June 2024

A 7% rebound in Nvidia (after having lost around -15% from its peak) was a welcome support for US stock markets yesterday, with the Nasdaq breaking a 3-day losing strike. Another good news came from a bullish outlook provided by FedEx, commonly considered a barometer of economic growth. Global stock indices gained +0.3% in developed markets and +0.1% in emerging ones. US Treasury yields were quasi unchanged at 4.74% for the 5-year and 4.25% for the 10-year, and the fixed income asset class was quiet. The dollar continued to grind higher against trade-weighted counterparts, now up +4.2% in 2024, which put a bit of pressure on gold, down -0.6% yesterday to \$2,320, and oil prices, with the Brent retreating \$1 to \$85.

As expected, US consumer confidence eased in June but is still at benign levels. The Richmond Fed manufacturing index, by contrast, came in below expectations, but we will get more clarity next week with the official June ISM and PMI. We also had speeches from central bank officials yesterday. Fed's Lisa Cook said it will be appropriate to reduce rates "at some point", while her colleague Michelle Bowman mentioned potential "upside risks to inflation". Not exactly breaking news, and sometimes we wish all central banks followed the example of the Swiss National Bank: more action and less speeches. Closer to us, the UAE had an extremely successful issuance of \$1.5 billion of Federal debt, which is only its fourth Eurobonds sale. For a good reason: the country doesn't need to borrow money, but it's of course very useful to maintain a market presence, increase liquidity, and set a sovereign benchmark as a reference for corporate pricing. To that extent, with demand exceeding \$5bn, the spread against the equivalent US Treasury curve was only 60 basis points, which is below what was initially expected. Given the impeccable fiscal situation and leadership of the country, this is objectively very attractive (and part of our recommended list of bonds). In other news, Wikileaks founder Julian Assange, which played a key role in revealing some of the world's, and the USA's, darkest secrets, is free after having pleaded guilty and reached a deal with US prosecutors.

Asian markets are mixed as we write this morning. Stocks are up an impressive +1.4% in Japan, as the yen is approaching 160 for a dollar. The mood is also positive, in sympathy with the Nasdaq rebound, for tech-heavy Taiwan and Korea, the latter also reacting to a rebound in consumer confidence. Stocks are slightly down in both Hong-Kong and onshore China, and hesitant in Australia after the CPI came in higher than expected. There is no notable move in other major asset classes.

There is also no notable data to be released today, apart from watchers of the US residential markets with the monthly mortgage applications and new home sales. Tomorrow will be more interesting with the final quarterly US GDP report, and Friday may be captivating with the US Presidential debate (5AM Dubai time on CNN) and the May core PCE (4.30PM Dubai time).

Have a great day.

Chief Investment Office
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