



## CIO OFFICE MORNING MARKET WRAP

13 November 2024

Yields continued their journey up and the US Treasury yield curve bear steepened. The 10-year rose by 12 bps to 4.42% and the 30-year crossed 4.55% as the market tries to find an equilibrium point for Trump 2.0. OIS swaps now price only 2 rate cuts in 2025 while the December rate cut probability is down to 58%. More than 13 Investment Grade issuers priced \$30 Bn of debt deals yesterday in what is the second highest daily total this year despite unfavorable total yield backdrop.

US Equity indices also retreated with Dow Jones down 0.9% and S&P 500 losing 0.3%. Bitcoin trades around 88,125 at the time of writing. Meanwhile Fed Minneapolis President Neel Kashkari said: "There'd have to be a surprise on the inflation front to change the outlook so dramatically," basically endorsing a rate cut for the December meeting. Meanwhile, Asian markets remain under pressure as Mr Trump has picked seemingly China hawks that ensures a tough negotiation on tariffs. He has also endorsed Elon Musk and Vivek Ramaswamy to lead the Department of Government Efficiency.

### Markets this morning:

This morning the Hong Kong markets have dropped 0.67% whereas local Chinese stocks have risen 0.2%. China has started marketing dollar bonds in the KSA, marking the country's first debt sale in the US currency since 2021. The IPTs for the 3 year and 5 year are set at 25 and 30 bps above the benchmark Treasuries. The order books at the time of writing have already crossed \$25 Bn. Japan's Producer Price Index numbers printed above expectations at 0.2% MoM. Nikkei is down more than 1% as expectations of BoJ move to defend the sliding Yen increases. The Dollar Index has dropped slightly after strengthening for three consecutive days. US Treasury 10-year yields trade close to overnight levels. Gold has dropped to \$2,609 levels. Brent Crude trades above \$72.1. Indian Markets remain under pressure with the CPI release yesterday exceeding estimates at 6.21% even as Industrial Production stayed upbeat at 3.1%.

### Upcoming Key events/data today:

The Key datapoint for today is the US October inflation figure. The headline CPI is expected to be 0.2% while the core is estimated to print at 0.3%. A stronger than anticipated print would put further bearish pressures on the Treasuries and markets would start asking questions about the December FOMC rate cut probabilities.

Have a good week!

Chief Investment Office  
Wealth Management,  
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