



## CIO OFFICE MORNING MARKET WRAP

18 November 2024

The UAE market hits a trillion dollar market cap, putting it ahead of most other emerging markets, as a buoyant capital market the last three years, has added to not only size but companies in the retail and AI sectors, away from the erstwhile banking and real estate concentration.

Last week saw inflation up in the US and along with strong retail sales signaling a strong economy, expectations of a slower pace of cuts from the Fed, resulting in higher Treasury and Bond yields and leading to a sell off on equities on Friday. Global equities down for the week (-2.3%). The USD continues to strengthen against major G7 and emerging currencies. The Sterling has fallen for seven weeks consecutively against the USD. Fed Chair Powell is backing a gradual approach to lowering rates, saying no need to be “in a hurry”. The policy sensitive 2-year yields ended the week at 4.30% and the 10 year yield at 4.44%, both up over 3% this month. Oil prices also down last week on the impact of weaker China demand and a stronger USD.

Reiterating our positioning post our asset allocation meeting last week: In November, increased DM equity to neutral, and decided to take profits on our very successful overweight on gold, down to neutral.

After a buoyant rise of US stocks, regional banks and tech post the Republican Presidential win early November and majority in the Senate and House, last week saw a global pullback. The S&P 500 and Nasdaq were down 2% and 3% respectively with Japan and European markets in line. The European Commission downgraded its 2025 Eurozone growth target to 1.3%. In the US there have been clear winners and losers and badly hit last week are vaccine stocks as the designated Health Secretary Robert F Kennedy has been a vocal critic of vaccines.

UAE markets bucked the trend seeing gains on the DFM last week as real estate stocks continue a strong rally. The Lulu Retail Plc listing on the ADX which saw \$37 bn of demand saw the stock close the week flat. Currently Talabat, the regional leading online delivery service in the GCC, has an offering in progress. 25 IPO's the last 3 years across DFM and ADX with average gains of 42%.

In Asia, MSCI China fell 6% last week whilst MSCI India was down 2.7%. We recently shifted back to an overweight positioning on India and neutral China. An anti-China trade policy and “America First” is keeping market movements sharp.

### Markets this morning:

This morning Hong Kong markets up 1.5% as are mainland China bourses. Samsung shares rallying after it announced a plan late Friday a \$7.2 bn buy back. In Japan markets, the Nikkei and Topix down half a percent. Gold trading up at \$2,592. Brent Crude futures down to \$71.3.

### Upcoming Key events/data today:

We get a number of Fed and ECB speakers, the G20 Summit is on in Brazil and EU foreign ministers meet in Brussels. Later in the week we get Eurozone CPI, UK CPI and Nvidia earnings, Wednesday.

### Macro data recap:

China October solid retail sales (+4.8% Y/Y) but soft industrial production (+5.3%) and continued pressure in real estate. Japan's Q3 GDP slowed vs. Q2, but ahead of expectations while consumption rebounded, keeping the BOJ on track to continue tightening policy. Bank of Japan Governor Kazuo Ueda said the timing of the central bank's next policy adjustment will depend on the economy and prices, underscoring his data dependent stance and keeping his options open over when to next hike rates. The head of one of Japan's largest labor unions said workers need to see consistent gains in real wages for the BOJ to continue raising interest rates. Next BOJ meeting is in December. The UK economy last quarter saw most industries with subdued growth amid growing concerns over Labour's first budget. GDP shrank 0.1% – consensus was for 0.2% growth.

Have a good day!

Chief Investment Office  
Wealth Management,  
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