



CIO OFFICE MORNING MARKET WRAP

15 October 2024

Fed speak dominated the narrative last night. Christopher Waller mentioned that the Fed will proceed with more caution than the September meeting. He said, “we can proceed with moving policy toward a neutral stance at a deliberate pace.” Minneapolis Fed president Neel Kashkari said the labor market remains strong and that the most recent jobs report “is encouraging that a rapid labor weakening does not appear to be imminent.” This points to a 25 bps rate cut in the November meeting. S&P 500 notched another record last night touching 5,871 before closing at 5,859. Nasdaq closed 0.87% higher. All the sectors except consumer discretionary and Energy were in the green. Info Tech and Finance were the top gainers. Biden administration officials have discussed capping sales of advanced AI chips from Nvidia Corp. and other American companies on a country-specific basis.

The Nikkei 225 topped 40,000 for the first time in three months. Beijing may issue 6 trillion yuan (\$847 billion) of ultra-long special government bonds over three years, Caixin reported. China is also anticipated to start taxing overseas investment gains by investors who have more than \$10 Mn in offshore assets. Trade data released yesterday showed Chinese exports grew less than expected at 2.4% while M2 Money Supply expanded by 6.8%. This morning Chinese stocks are trading down with CSI lower by 0.85% and Hang Seng Index decreasing 1.4%. US 10-year treasury has dropped slightly to 4.08%. Oil dropped as Washington Post reported that Iran’s oil and nuclear facilities were off-target. Brent Crude dropped 3% to trade slightly above \$75. Gold hovers above \$2,651.

On the macro data dossier, we get Empire Fed Manufacturing and NY Fed 1-year inflation expectations. UK wage growth may have slowed to 3.7% year on year in the three months through August. The unemployment rate was probably unchanged. Germany’s ZEW expectations survey is seen jumping to 10 this month.

Have a good day!

Chief Investment Office
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Emirates NBD.

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