



CIO OFFICE MORNING MARKET WRAP

16 October 2024

The US Treasury yield curve bull-flattened with the long-end yields down between 5 to 9 bps yesterday. In macro releases, Empire Manufacturing dipped 11.9 vs +3.6 estimate indicating the manufacturing slowdown. NY Fed 1-year inflation Expectations came in at 3%. The 30-year yield has come below 4.4%. In terms of positioning, the JPM Treasury client Survey had moved to its shortest level since early-2023 with a Z-Score of more than 3 Standard Deviations, and the current treasury moves could reflect some sort of short covering. At the Fed, Raphael Bostic expects US growth to slow in 2024 but remain robust and sees the benchmark rate dropping to about 3% to 3.5% in the long run. Mary Daly said the central bank must stay vigilant as inflation and the labor market cool.

In an interaction with Bloomberg, US Presidential candidate Mr Trump defended his policies to increase tariffs massively and advised for more consultations with the Fed. S&P 500 dipped 0.75% and Nasdaq 100 lost more than 1% following European Tech sell-off led by ASML that saw the chip maker's shares fall by more than 15%. The Dutch company, which makes the world's most advanced chipmaking machines, lowered its guidance for 2025 and reported bookings of €2.6 billion (\$2.8 billion) in the third quarter, missing an average estimate of €5.39 billion by analysts surveyed by Bloomberg. Nvidia fell 4.5% and the benchmark Philadelphia Semiconductor Index slid 5.3%. Earnings released yesterday showed strong performance from Goldman Sachs, United Health Group and Johnson and Johnson with all the three companies beating analyst estimates.

Hong Kong is flat while mainland Chinese stocks are down 0.6%. Asian chip stocks including SK Hynix Inc. and Samsung Electronics Co Ltd declined following the move yesterday in Western markets. China's housing minister, Ni Hong is planning to hold a press briefing tomorrow, likely providing more details of measures to support the property sector and bolster economic growth. The yen climbed after BOJ board member Seiji Adachi said conditions warrant gradual policy normalization. Nikkei dropped 1.9%. The US 10-year yield dropped to 4.02%. Gold has climbed to \$2,665 in tandem. Brent Crude trades around \$74 after dropping 4% yesterday.

In macro data dossier, UK inflation probably slowed to 1.9% in September from 2.2% the month earlier. Today's earning releases include Morgan Stanley, Abbott Laboratories, and United Airlines among others.

Have a good day!

Chief Investment Office
Wealth Management,
Emirates NBD.

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