



CIO OFFICE MORNING MARKET WRAP

17 October 2024

Lower than expected UK inflation impacted yields in the developed market. Headline CPI inflation for September fell from 2.2% to 1.7% undershooting an estimate of 1.9%. Core inflation was down from 3.6% to 3.2%. The US Treasury market also tracked the move with yields falling 2 to 3 bps across the curve. Morgan Stanley joined other bulge bracket firms to beat earnings estimate with a 32% profit surge for the third quarter. The bank's stock rose 6.5%. S&P 500 and Nasdaq 100 increased by 0.5% and 0.3% respectively. However, small caps Russell 2000 index jumped 1.64%. Both utilities and real estate were the top gaining sectors. TSMC's earnings today will be closely watched after ASML's disappointing results pulled down chip makers. The company has already revealed last week that it had a revenue of around \$23.57 billion, in the third quarter, beating estimates.

Across the Atlantic, ECB is expected to cut rates by 25 bps today. This will be the second consecutive 25 bps cut merely 5 weeks after the last cut as the central bank wants to prevent any major slow down in the labour market. We get the Eurozone Sept CPI today with the Headline number expected to remain stable at 1.8%.

In Asia this morning, Nikkei is down 0.6%. Japan's exports unexpectedly dropped 1.7% year on year in September, the first decline in 10 months. Chinese mainland shares are flat while Hong Kong is up 0.85%. China's Housing Minister Ni Hong announced that the country will expand a program to support "whitelist" property projects to 4 trillion yuan (\$562 billion) from about 2.23 trillion yuan already deployed. The "whitelist" program is part of the country's top-down plan to ensure unfinished homes are delivered to buyers. US 10-year treasury yield increased to 4.02%. Gold trades around \$2,682, up 2.4% in the last 5 trading days. Brent Crude trades above \$74.4.

In emerging Markets, Turkey's rate decision is due today and after the higher than estimated September inflation numbers, the central bank is expected to remain on pause with rates at 50%.

In macro data dossier, we have the US Retail Sales which is expected to jump to 0.3% from 0.1%. Initial jobless claims are expected to remain elevated according to Bloomberg estimates. Industrial Production for September is anticipated to drop 0.2%. Apart from TSMC, we will have Nokia and Nordea Bank releasing their earnings today.

Have a good day!

Chief Investment Office
Wealth Management,
Emirates NBD.

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