



CIO OFFICE MORNING MARKET WRAP

23 January 2025

S&P 500 neared its all-time high after 2 consecutive days of gains boosted by President Trump's policies for investments in the Tech and AI sector. Elon Musk raised questions over funding of the project 'Stargate'. JPMorgan CEO Jamie Dimon said last night in an interview that there are signs that the US stock market is overheated. S&P 500 rose 0.6% while Nasdaq closed the day 1.3% higher. Meanwhile, bond yields moved higher reversing Tuesday's direction. The yields moved 1 to 3 bps higher. The monthly 20-year bond auction yesterday stopped through by 1.1 bps, a sign of strong demand. The belly of the yield curve underperformed with the 5-year leading the sell-off.

Wu Qing, chairman of the China Securities Regulatory Commission, said at a press conference this morning that mutual funds should raise their holdings of onshore equities by at least 10% annually for the next three years, while large state-owned insurers will need to invest 30% of their new policy premiums from 2025.

Markets this morning:

As a result, the Asian shares are in the positive. Hong Kong equities are up 0.4% and mainland China stocks gained 1%. Japan's exports rose for a third month in December at a pace of 2.8% beating estimates. Nikkei is up by 0.4%. Gold has dropped this morning but still trades above \$2,750. Brent Crude continues to show weakness falling below \$79. 10-year US Treasury yields trade around 4.60%. Meanwhile, Bloomberg reported that trade between the KSA and the USA may get a boost by \$600 Bn over the next few years following a congratulatory phone call between HRH Crown Prince Mohammed bin Salman and President Trump.

Upcoming Key events/data:

The data dossier remains light today. US initial jobless claims are expected to come in at 220,000. Turkey central bank may cut rates by 250 bps to 45% today.

Have a great day.

Chief Investment Office
Wealth Management,
Emirates NBD.

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