



CIO OFFICE MORNING MARKET WRAP

28 August 2024

Equity Markets seem to be tottering on the verge of indecision before the big earnings announcement of Nvidia tonight as analysts expect another blowout quarter with consensus Q2 revenue estimates at \$28.8 bn. Last night S&P 500 and Nasdaq were flat with a slight 0.1% increase. EM stocks went down by 0.4% even as DM stocks remained flat. Energy and Utility were laggards while Info Tech topped the charts in a reversal of Monday's trading session.

US Treasury yield curve steepened slightly as the front-end dropped following an enthusiastic reaction to the 2-year Note auction which drew high end-user demand of 88% even though the offered yields were the lowest in more than a year. The long-end however went up marginally in sympathy with other European developed market peers due to increased IG supply. Today, we have \$70 Bn of 5-year Notes issuance due and analysts estimate we may see a slight concession required to see a robust demand.

The Conference Board's measure of consumer confidence surprised to the upside on Tuesday. The index improved to 103.3 from 101.9, upending expectations of a continued moderation to 100.8. The rebound follows June's decline. The improvement was led by the expectations component, which rebounded from 78 to 82.5 in July. The expectations component gets benefit from the widespread narrative of a soft landing in the short term however, if the component can crash if Employment numbers come out underwhelming. Richmond Fed Manufacturing Index tanked to -19 against an expectation of -14 indicating a further slowdown in manufacturing activity. Across the Atlantic Germany's Q2 GDP shrank by -0.1% in line with expectations while PPI came in below expectations at -1.4%.

Asian equities slipped this morning as weak corporate earnings grew fears of a slowing economy. Hong Kong shares dropped 0.9% while mainland China index retreated 0.6%. Cnooc Ltd., BYD Co. and Meituan are all set to report today. Gold trades at \$2,516 and oil has dropped below \$80. US 10-year Treasury yields trade around 3.83.

Today apart from the market moving Nvidia earnings, we would get Mortgage applications data from the US. We will also see the consumer confidence form France and European M3 Money supply.

Stay Safe.

Chief Investment Office
Wealth Management,
Emirates NBD.

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