



## INSPIRING WHAT'S NEXT

### CIO OFFICE MORNING MARKET WRAP

25 June 2024

The week starts with no clear direction. Global stocks were pretty much flat at the indices level, with some dispersion: US stocks and the Nasdaq in particular were in the red, while other DM rose and emerging markets were mixed. US Treasury yields were marginally lower yesterday, at 4.72% for the 2-year, 4.25% for the 5-year and 4.23% for the 10-year. This supported gold, up +0.5%, with additional support from a -0.2% drop from the dollar against its trade-weighted counterparts. The price of Brent crude gained another 1% to \$86.

There is a general feeling that the mind-blowing rally in technology may be running out of steam, which is not inconsistent with our own call earlier this month to take partial profits (we said 25%). This is illustrated by Nvidia's stock price losing around -15% from June 20th peak in only a few sessions. Expressed in market cap, this almost \$400bn drop is pretty much the value of LVMH or Procter and Gamble. Having said that, after an hyperbolic rise and at these levels of valuations, it's neither outrageous nor necessarily alarming to see a correction, with little predictability about the short-term as always – especially as Nvidia will be among the latest to release their Q2 results on August 23rd. No doubt, the size of big tech has become hegemonic within US -and thus, global- stock markets and investors' sentiment about them matters. Still, tech is a crucial component of our economies, and mega caps are a major contributor to global earnings. We remain confident for the long-term, but with an emphasis on both ruthless selectivity and disciplined calibration. In the meantime, some rotation towards other sectors would not be surprising, and actually pretty sound, without necessarily extreme consequences on equity markets as a whole as long as fundamental macro factors are supportive. To that extent, there were no major data release yesterday – it's a relatively quiet week for top-down numbers, while the next one will be huge.

Asian markets are overall well oriented as we write this morning, maybe benefitting from some rotation. Apart from Chinese domestic markets, down -0.3%, stocks are up by an average +0.5% across Japan, Korea and Hong-Kong. US Treasury yields are steady, oil prices are unchanged and gold trades down -0.3%, just below \$2,330 an ounce. Volatility is elevated for cryptocurrencies: both bitcoin and Ethereum are up ~3% recovering a good half of yesterday's losses, at respectively \$61,500 and \$3,400.

Today we will look at the US Consumer Confidence from the Conference Board for June and at the Richmond Fed manufacturing index, which are both expected to slightly moderate. Again, the key potential market moving events are for Friday, with the US Presidential debate ending at 6.30AM Dubai time and the US May core PCE released at 4.30PM. Have a great day.

Chief Investment Office  
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Emirates NBD.

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