



## CIO OFFICE MORNING MARKET WRAP

14 November 2024

US CPI numbers came in line with expectations. The headline CPI came in at 0.2% while the Core CPI remained strong at 0.3% as anticipated by Bloomberg Survey of economists. Market expectations of a rate cut in December 2024 has increased to over 80% as a result. Both inflation figures have come down significantly from peak levels in 2022 but have changed little over the past few months indicating the disinflation process has lost traction in the recent months. More than half the increase was attributed to shelter prices which rose 0.4%, a slight uptick from the prior month. Food prices rose modestly, while energy prices were flat. Sticky core services ex-housing inflation, which posted 4.4% y/y last month at a rate that is still nearly double the pre-pandemic norm, reflecting elevated labor costs and strong services demand. Core goods prices however have been in deflation territory for all of 2024, down 1.0% y/y.

Treasury yields fell and the curve bullishly steepened in the aftermath of the October CPI report, but the long end was unable to hold onto these gains, front-end yields declined 6bp on the day, while long-end yields rose by a similar amount. The commentary from Fed officials was mixed, as Minneapolis Fed President Kashkari and Dallas Fed President Logan argued there's room to cut rates further, but there is uncertainty over the neutral rate of interest. Stock indices were mixed with S&P 500 remaining flat whereas Nasdaq decreased 0.2%. Our local DFM index advanced 0.6% and ADX lagged 0.5%.

### Markets this morning:

This morning the Chinese stocks are in the red. Hong Kong stocks are down 0.5% and local Chinese stocks have decreased 0.3%. Yesterday, China raised \$2 billion from three- and five-year dollar-denominated sovereign bonds at one and three bps over Treasuries respectively. The order books hit a high of \$40 Bn. Nikkei is up 0.1% as Yen continues to weaken. US 10-year Treasury yields have climbed 3 bps to 4.47%. Gold has slumped 1% to 2,560. Brent Crude remains around \$72.2.

### Upcoming Key events/data today:

In macro data dossier, we get the US PPI and Initial Jobless Claims. PPI is expected to rise 0.2% and Initial Jobless claims are anticipated to be 220k. Eurozone Q3 GDP release may show the growth remaining flat at 0.4%. From India we get the wholesale price increases today. Today's Fed speakers include Jerome Powell, John Williams and Adriana Kugler.

Have a good day!

Chief Investment Office  
Wealth Management,  
Emirates NBD.

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