



بنك الإمارات دبي الوطني
Emirates NBD

CIO OFFICE MORNING MARKET WRAP

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Markets are focusing on policy and the macro environment, after an exhausting election cycle in the US, and the backdrop is attractive, with the US economy resilient, though the euro area is lagging, China has started stimulating, though not seen as enough and India now seen as an alternate for manufacturing and also EM allocation by investors. On watch, are US tariffs and immigration policy. India has less reliant than China on the US for exports. The eurozone leads at 17%, China at 14% and India 3% of exports to the US in 2023.

Geopolitics taken in stride by markets and yesterday ended well for both developed and emerging markets equities, repeating Mondays 0.4% gains with most major regions in the green. US equities were boosted by Walmart's strong quarter and high expectations for Nvidia (the world's most valuable company) which has its earnings announcement today. Expectations are for close to a doubling of earnings and revenue over last year. The day began with worries around Ukraine which dissipated for US markets and the S&P 500 ended +0.4% to 5917 and the Nasdaq rose a percent, with the Mag& +1.7%. The small cap Russell 2000 index had a good day too +0.8%. In Europe, Eurozone equities lower as was the UK's FTSE, on Ukraine Russia escalation. In Asia, the MSCI China and India's Sensex ended the day with small gains. UAE markets resumed their rally with strong interest in IPOs continuing. Talabat, the online delivery service company plans to list on the DFM, early December.

Risk assets in favour too. The 10-year Treasury yield fell 4 bps to 4.38% having reached a 6-month high on Monday. The Atlanta Fed's GDPNow indicator for US Q4 GDP growth up to 2.6% in the latest update. Higher than the previous 2.5% but less than the government's official 2.8% third quarter growth estimate. U.S. October housing starts close to estimates - a seasonally adjusted annual rate of 1.31 mn.

In sector action, info tech and communication services led with mega cap strength, real estate and utilities—traditionally defensive plays—also up US defense companies. Energy down though oil prices rose with Brent futures at \$73.31/ barrel. Financials had a tough session, however along with tech and comm services are the best best-performing sectors YTD. Expectations are for a lighter regulatory footprint.

Walmart +3% yesterday after it raised its holiday forecast and beat earnings and revenue. Comparable sales at stores +5.3%. Strength from Walmart aided the retail sector except Lowe's - 4.6% as guidance, disappointed. Today we get earnings from Target.

Markets this morning:

This morning Hong Kong markets and mainland China bourses have little direction and close to flat. Japan markets, the Nikkei and Topix down half a percent. Gold trading up at \$2,640. Bitcoin higher at \$91,800, up 115% YTD.

Upcoming Key events/data today:

Today we get UK CPI. Nvidia results. A number of Fed, speakers. ECB President Christine Lagarde and VP Luis De Guindos also speak and ECB issues the financial stability review.

Have a good day!

Chief Investment Office
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