



بنك الإمارات دبي الوطني  
Emirates NBD

## CIO OFFICE MORNING MARKET WRAP

### 21 October 2024

Global equities posted mixed results last week, with notable volatility across regions and sectors. The MSCI ACWI gained +0.5%, driven by strength in developed markets, which rose +0.6%, while emerging markets underperformed, dragged by China, falling -0.4%. US equities continued their rally, with the S&P 500 advancing to 5864 (+0.9%), marking its 46th record close this year. Key drivers include strong earnings from financials as major institutions like Morgan Stanley, Goldman Sachs, Citigroup, and Bank of America have posted positive results, driven by investment banking gains.

The earnings season started strong in the financial sector, with Morgan Stanley posting a 32% profit jump, driving its shares up 6.5% following the report. Goldman Sachs, Bank of America, and Citigroup also all surpassed analysts' expectations in their Q3 earnings. Last week, chip stocks initially fell after ASML's weak sales forecast but rebounded when TSMC reported a 54% profit jump, signaling strong demand for advanced chips used in AI. Nvidia, up 179% YTD, now holds a 6.8% weight in the S&P 500, further highlighting the sector's influence on the broader market. So far, 14% of S&P 500 companies have reported results, with 79% exceeding EPS expectations and 64% beating revenue estimates. Q3 2024 aggregate earnings are projected to rise by 4.3%.

In Europe, the MSCI Europe Index gained +0.6%, led by financials and industrials. However, luxury stocks struggled, with LVMH reporting a 5% drop in organic sales and its worst quarterly performance in China since the pandemic. The decline in Chinese demand weighed heavily on European luxury brands, though stimulus measures in China provided some support for the broader market on Friday.

In Asia, the MSCI China Index dropped -2.7% for the week but rebounded +3.9% on Friday, following additional details on stimulus measures from the PBOC aimed at stabilizing property and stock markets which came shortly after new data showed China's economic slowdown worsened in the third quarter.

TSMC also contributed to the regional recovery, reaching a record high after raising its revenue outlook for 2024, boosting confidence in AI chip demand and the semiconductor sector. Japanese equities saw the TOPIX Index fall -0.6% in a week with markets closed on Monday due to a national holiday. Uncertainty surrounding the timing and scale of policy rate changes, along with the yen's approach to 150 per dollar, has kept Japanese equities in a narrow trading range, limiting significant market movement. The start of trading in subway operator Tokyo Metro is set to be the biggest IPO in Japan since 2018.

The yield on 10-year Treasury notes dipped by one basis point to 4.08% and the Dollar decreased by 0.2%. Oil experienced its steepest weekly drop in over a year, driven by efforts to resolve geopolitical conflicts and a decline in China's crude demand. Brent oil closed at \$73.1bbl (down 7.7% for the week). Meanwhile, gold surged past \$2,700. Today morning, Asian stocks climbed higher as China's central bank cut their benchmark lending rates. China's banks lowered their one-year and five-year loan prime rate by 25bps to 3.10% and 3.60%.

This week brings major earnings reports from companies like Tesla, Coca-Cola, and IBM. Important industry events such as the Qualcomm Snapdragon Summit and the MIT AI Conference may drive further movements in the tech sector. The economic calendar this week is relatively lighter. Key economic releases include Eurozone consumer confidence on Wednesday. On Thursday, preliminary PMI data for October will be released from the US, UK, Japan, and the Eurozone, along with the US weekly jobless claims. Friday will feature Japan's Tokyo CPI, Germany's business sentiment. US durable goods orders, and consumer sentiment data from the University of Michigan. Global finance ministers and central bank governors are convening in Washington this week for the annual meetings of the IMF and World Bank.

Have a good week ahead!

Chief Investment Office  
Wealth Management,  
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