



بنك الإمارات دبي الوطني
Emirates NBD

CIO OFFICE MORNING MARKET WRAP

20 September 2024

After the dust had settled on the Fed decision finally, it was a complete risk-on mood yesterday. Long-Duration assets including gold rallied. S&P 500 notched its 39th record for the year 2024 last night going up 1.7% to close at 5,713. Nasdaq rose 2.5% and the Russell 2000 added 2.1%. Cyclical outperformed with Tech leading the gains while defensive sectors underperformed. Overall, DM stocks gained 1.65% while EM stocks increased by 1.15%. US Treasury yields ended the session mixed, with the front-end outperforming while intermediates out to the long-end of the curve ended cheaper on the day, steepening 2s10s and 5s30s spreads.

In contrast to the Fed, the BOE as expected, kept its policy rates steady at 5% in a 8-1 vote. The vote shows that recent data featuring slower-than-expected inflation and the UK economy's recovery fizzling out has yet to convince officials that the threat from consumer prices has been sufficiently contained.

Similarly, Turkey's central bank indicated it's in no hurry to start cutting interest rates after leaving borrowing costs on hold for a sixth straight month. They cited expectations of an improvement in services inflation, which has been sticky, to occur in the last quarter. The chances of a November rate cut are higher after the statement by the central bank.

Travelling around the world with central banks, the BOJ is widely expected to keep borrowing costs at 0.25%. The policy statement would be parsed closely to understand the possibility of rate hikes towards the end of this year. Japan's core CPI gauge accelerated to 2.8% in August, matching estimates.

This morning, Asian stocks are in the green, barring mainland China stocks which are down 0.47%. Chinese banks maintained their benchmark lending rates for September. Hang Seng index is up more than 1.3%. Nikkei has gained 2% before the BoJ rate decision. The 10-year US Treasury yields hovered above 3.7%. Gold trades near its record high at \$2,590. Brent Crude is at \$74.5.

The data dossier is justifiably light today after the heavy central bank week. Germany's PPI and France's manufacturing confidence are due today along with Euro zone's consumer confidence. We also get India's latest FX reserves data.

Have a great day.

Chief Investment Office
Wealth Management,
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