



بنك الإمارات دبي الوطني
Emirates NBD

CIO OFFICE MORNING MARKET WRAP

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Global equities rose yesterday, supported by expectations of further easing after last week's 50bps rate cut by the Fed (MSCI ACWI +0.32%). The S&P 500 advanced 0.3%, nearing last week's all-time high while broader market gains were evidenced by the S&P 500 equal-weighted index, which climbed 0.5% to an all-time record, signaling stronger participation across sectors. The gains were driven by comments from three Federal Reserve officials supporting further rate cuts this year, alongside moderating US business activity data. Preliminary September PMI reports showed a slowdown in manufacturing, with the index falling to 47.0, reflecting weaker orders and output. On the other hand, the services sector remained resilient, holding at 55.4, signaling strong demand. However, input prices for service providers rose at their fastest rate in six months, suggesting the Fed cannot totally shift away from its inflation target. Traders are anticipating nearly 75bps of additional rate cuts by year-end, indicating that another large cut may be forthcoming. Upcoming PCE and jobs data later this week will be closely watched by markets.

U.S. two-year Treasury yields dipped to 3.58% as investors positioned for further easing by year-end, while longer-term yields remained stable. US government bonds had been under pressure with the Treasury slated to auction \$183 billion in front-end supply and up to \$25 billion of new issuance in corporates expected this week. Commodities were mixed. Brent crude oil fell 0.8% to \$73.9 per barrel, while gold continued its ascent, rising 0.2% to \$2,628 per ounce amid geopolitical tensions and a flight to safety. Meanwhile, cryptocurrencies posted gains, with Bitcoin up 0.1% at \$63,287. The dollar remained flat.

In Europe, stocks saw marginal gains despite weak economic data from France and Germany, while the MSCI Europe Index inched higher (+0.4%). The euro fell 0.4% against the dollar, driven by speculation of further ECB rate cuts following softer-than-expected private sector growth.

Today, Asian stocks advanced after China's central bank unveiled a new round of stimulus measures aimed at boosting bank lending and consumer spending, including a cut to its key short-term interest rate, in an effort to support its economy. The PBOC also announced steps to allow brokerages and funds to access central bank funding to purchase stocks, driving the CSI 300 Index higher. Yields on China's 10-year government bonds dropped to 2%, a record low. The MSCI Asia Pacific Index gained 0.7%, led by strong performances in Hong Kong and Japan.

Key data to watch this week include US PCE inflation, jobless claims, and durable goods orders. Japan PMI and CPI. Australia, Sweden and Switzerland rate decision and Eurozone consumer confidence. Fed Chair Jerome Powell gives pre-recorded remarks on the 10th annual US Treasury Market Conference on Thursday.

Have a great day.

Chief Investment Office
Wealth Management,
Emirates NBD.

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