بنك الإمارات دبي الوطني
Emirates NBD

CIO Office Morning Notes

3 December 2025

Global equities traded in a somewhat muted fashion across Monday and Tuesday, with markets showing limited directional conviction and most regions moving within tight ranges. Asia provided more of the early-week momentum, shaped by pronounced swings in China and Japan. Broader markets elsewhere held to a subdued tone amid thin year-end liquidity and uneven macro signals. The MSCI ACWI fell 0.4% on Monday before rising 0.2% Tuesday, with developed markets following a similar pattern and emerging markets outperforming modestly. In the US, the S&P 500 declined 0.5% on Monday before gaining 0.3% Tuesday, supported by a rebound in crypto assets and easing Treasury yields. Boeing was a key contributor (up 10% yesterday) after providing a stronger free-cash-flow outlook for 2026, projecting a return to low-single-digit billions of positive cash generation driven by improving 737 Max and 787 production rates, a reduction in undelivered aircraft and better defense profitability. Bitcoin's recovery above $91,000 helped stabilize risk appetite after a leveraged washout that had erased nearly $1 billion in positions and driven sentiment into extreme fear.

On regulation and policy developments, the BOE and BIS reiterated concerns over concentrated repo leverage among major hedge funds, noting that near-zero haircuts in certain trades enable very high levels of leverage and elevate the risk of disorderly unwinds. The BOE lowered its benchmark estimate of UK bank capital needs for the first time in a decade, reducing the systemic requirement from 14% to 13% and bringing the framework closer to international peers. The update followed confirmation that all major lenders passed this year's stress tests. In the US, the SEC halted the planned launch of nine new 2x and 3x leveraged ETFs after issuing warning letters citing concerns around benchmark volatility and investor suitability. The agency also outlined proposals to ease IPO requirements for smaller companies by extending the "on-ramp" disclosure period to at least two years and revisiting size thresholds for issuers.

Across Europe, the MSCI Europe slipped 0.2% Monday and added 0.1% Tuesday, with sentiment anchored by steady inflation data and a subdued earnings backdrop. Eurozone CPI edged up to 2.2% from 2.1%, marginally above expectations and reinforcing the ECB's message that rates are likely to remain on hold for an extended period. Energy security moved higher on the policy agenda after the EU reached an agreement to phase out Russian gas imports by 2027, a step intended to end the bloc's dependency on Russian supply and strengthen long-term resilience in the energy system.

In Asia, Japan's Topix fell 1.2% Monday before inching 0.1% higher Tuesday as markets absorbed a well-received JGB auction that eased concern about domestic bond-market stability. Chinese equities showed more uneven performance despite the MSCI China Index's 1% rise on Monday and flat outcome Tuesday. Local indices softened ahead of the Politburo and CEWC meetings, with liquidity tightness, ongoing property-sector strain and widespread flight-schedule disruptions adding to the cautious tone. Shares of China's major airlines dropped after state media reported that more than 1,900 December flights between China and Japan had been cancelled, equal to more than 40% of scheduled routes. Chinese technology sentiment gained some support from expectations that domestic AI capabilities could strengthen next year, aided by resilience in select e-commerce and cloud names.

Corporate headlines extended across multiple sectors. CrowdStrike raised its fiscal-year outlook, citing strong demand for AI-enabled cybersecurity solutions, record pipeline momentum and accelerating customer consolidation onto its Falcon platform. Nike continued to restructure under CEO Elliott Hill, eliminating senior technology and commercial roles tied to the previous leadership, elevating its supply-chain chief to a new COO position and integrating regional heads more directly into the senior team in an effort to revive brand heat and reorient the business around athlete-focused performance products after years of overreliance on lifestyle categories. Amazon accelerated its AI roadmap with the launch of the Trainium3 chip, expanded server configurations and new multimodal Nova models, underscoring intensifying competition for enterprise AI workloads. OpenAI added momentum to the sector after Sam Altman declared a "code red," ordering teams to redirect resources toward enhanced ChatGPT development and delay work on autonomous agents and advertising features. The memo cited Google's rapid advances following the release of Gemini 3 and detailed internal efforts to improve model performance, customization and image-generation capabilities, including work on a new model code-named Garlic.

On commodities, Brent oil fell 1.1% to $62.5 a barrel, extending its downward drift on soft demand indicators and comfortable supply expectations. Gold slipped 0.6% to $4,205 an ounce. The dollar was little changed and the yield on 10-year Treasuries held steady at 4.08%, keeping broader financial conditions broadly stable ahead of key data later in the week.

Markets this morning:

This morning, markets were subdued as Asian equities traded in narrow ranges and risk sentiment stayed cautious ahead of a busy US macro calendar. Regional indices were little changed after an early uptick, and S&P 500 and Nasdaq 100 futures edged 0.2% higher, maintaining the recent run of modest gains on Wall Street. Attention turns to ADP employment, import prices and industrial production later today, with the delayed September PCE report on Friday still viewed as the week's main event. President Trump added a political dimension after confirming he expects to announce the next Fed Chair early next year, signaling Kevin Hassett as the frontrunner and noting the shortlist has been reduced to one candidate, though he acknowledged the possibility of a surprise pick. Treasury yields were steady, the dollar softened slightly, and oil held to recent levels, with modest gains in precious metals reflecting ongoing demand for defensive hedges.

Upcoming key events/data:

Today data brings China services PMI, eurozone services PMI and PPI, and US industrial production, ADP employment, ISM services and mortgage applications. ECB President Lagarde addresses the European Parliament, BOE policymakers take part in global central-bank forums, and NATO foreign ministers meet in Brussels as diplomatic activity intensifies alongside Macron's multiday state visit to China. Thursday features eurozone retail sales and US weekly jobless claims, along with ECB, IMF events in Frankfurt and discussion of evolving US regulatory changes affecting leveraged ETFs and IPO requirements. Friday culminates in the delayed US September PCE release, with eurozone GDP, German factory orders, France industrial production, Japan household spending, India's rate decision and multiple CPI prints across Asia and Latin America completing the global docket.

Have a good day!

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