بنك الإمارات دبي الوطني
Emirates NBD

CIO Office Morning Notes

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Global equities advanced moderately on Wednesday with a steady bias across developed markets and softer performance in parts of Asia. The MSCI ACWI rose 0.3%, supported by a 0.4% gain in developed markets, and emerging markets slipped 0.1%. In the US, the S&P 500 added 0.3% as expectations for a Fed rate cut strengthened after another weak labor print. Private payrolls fell by 32,000 in November, the sharpest drop since early 2023, reinforcing the sense that policy easing is close. The ISM services index expanded at its fastest pace in nine months with improving business activity and softer price pressures, contributing to a decline in Treasury yields and a weaker dollar. Rate markets absorbed the shifting expectations around the policy path and the evolving Fed leadership picture. Derivatives positioning reflected firmer conviction around early-2026 easing. Treasury Secretary Scott Bessent added to the policy discussion after backing a proposal requiring regional Fed presidents to have lived in their districts for at least three years. Additional reports indicated he is under consideration to run the National Economic Council in the event Kevin Hassett is appointed Fed Chair, creating the potential for a more consolidated economic policy structure. The prospect of tighter oversight of private credit, renewed attention on bank-capital reform and adjustments to financial-stability governance fed into broader market pricing. On the corporates front, Microsoft softened by 2.5% after reports pointing to slower enterprise adoption of parts of its AI software suite. Nvidia featured in headlines after Jensen Huang signaled the company is still uncertain about its near-term prospects in China as export controls continue to limit data-center GPU sales. Huang described China as a roughly $50 billion market that Nvidia has effectively excluded from its forecasts because current restrictions prevent sales of its most advanced processors. Salesforce provided support, shares up 1.7% yesterday and more than 3% for the week, after lifting its revenue outlook and highlighting broad-based cloud contract strength.

European equities were little changed with the MSCI Europe up 0.1%. Swiss inflation stalled at 0% year on year, its softest reading in six months, as declines in energy and imported goods prices pressured core measures and challenged projections for a near-term rebound. The policy backdrop also drew attention after the ECB prepared to present proposals aimed at simplifying elements of the Single Rulebook. President Lagarde said the measures would streamline several supervisory obligations, reduce superfluous reporting tasks and make it easier for banks to assess collateral and measure risk, part of a broader effort to make credit provision more efficient. Airbus remained in focus after cutting its 2025 delivery target to about 790 aircraft following fuselage-panel quality issues on the A320 family.

Across Asia, sentiment stayed cautious. Japan's Topix slipped 0.2% as markets absorbed modest profit-taking in semiconductors and a light domestic data calendar. Chinese equities underperformed with the MSCI China down 1.3%. A softer private services PMI reading and continued pressure across Hong Kong listings kept risk appetite subdued. Weakness was concentrated across EV makers, gaming and state lenders. Market tone remained restrained ahead of key year-end policy meetings. China also delivered its most forceful signal in nearly three years to slow yuan appreciation by setting the daily fixing well below expectations. State banks were active in the market to moderate gains, showing authorities' preference for a controlled pace of currency strengthening despite improving capital inflows.

Within commodities, copper touched a fresh record above $11,500 a ton as sharp withdrawals from LME warehouses and concerns around potential US tariffs raised the risk of a near-term supply squeeze. Physical premiums for non-US buyers climbed to record highs, reflecting tightening inventories and ongoing disruptions to mine and smelter output. Other industrial metals firmed as supply chain risks and limited stockpiles fed into pricing. Brent oil rose 0.4% to $62.7 a barrel and gold was little changed. The dollar fell 0.3% and the yield on 10-year Treasuries declined three basis points to 4.06%, extending the easing tilt across global rate markets.

Markets this morning:

This morning, Asian markets opened firmer with Japan leading regional gains after stronger evidence of a slowing US labor market reinforced expectations of a Fed rate cut next week. The Topix and Nikkei 225 rose about 1.5%, helped by a softer dollar, firmer US futures and another leg higher in Bitcoin, which traded near $94,000 in early trading. Japanese government bonds also drew focus after the latest 30-year auction delivered the strongest demand since 2019, with a bid-to-cover ratio above 4 and a notably tight tail. The 30-year yield reached 3.445%, its highest since the bond's introduction in 1999, and the 10-year touched 1.91%, the strongest level since 2007. Market pricing now reflects an 80% probability of a BOJ hike at the December 19 meeting and more than 90% odds for January, driven by Governor Ueda's recent comments that the bank is assessing the merits of lifting rates even as financial conditions remain accommodative. Broader moves across Asia were more restrained. South Korea and Taiwan eased after two sessions of gains and Chinese assets struggled after authorities again set the yuan fixing significantly weaker than expected to slow appreciation ahead of a key level.

Upcoming key events/data:

Today data brings 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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