Emirates NBD

CIO Office Morning Notes

9 December 2025

Yields on Treasury securities advanced by 2-4 basis points, mirroring a global trend towards higher yields. This movement followed remarks from ECB Executive Board member Schnabel, who mentioned that the next policy adjustment could be an increase in rates. Meanwhile, Germany's industrial production delivered a significant upside surprise in October, rising by 1.8% month-on-month compared to the Bloomberg consensus forecast of just a 0.3% gain.

National Economic Council Director Hassett, widely regarded as the leading candidate to replace Powell as Federal Reserve Chair, remarked that the Fed must continue to "monitor the data." Market expectations have adjusted accordingly, with only two interest rate cuts now anticipated for next year, down from three projected just a week ago. US Treasury commenced its mid-month auction with $58 billion in 3-year notes, which cleared 0.7 basis points above pre-auction levels due to robust demand from end-users. Today, $39 billion in 10-year notes are scheduled for auction. Equity markets reflected a more hawkish sentiment, with the S&P 500 declining by 0.35% and the Nasdaq falling by 0.1%. Overall, developed market equities retreated by 0.3%, while emerging market stocks remained unchanged. All sectors, except for Information Technology and Industrials, ended the session in negative territory.

President Trump indicated the possibility of introducing new tariffs on agricultural goods, which may include Canadian fertilizer and Indian rice. He further warned of an additional 5% levy on imports from Mexico, citing an ongoing water dispute. The United States authorized Nvidia to export its H200 AI chips to China, subject to a 25% surcharge, and announced that AMD and Intel would be granted similar permissions under the same conditions. In corporate developments, Paramount initiated a hostile takeover bid valued at $108 billion for Warner Bros. Discovery, following Warner's recent agreement with Netflix.

Markets this morning:

This morning, Asian equity markets exhibit a mixed performance. The Nikkei advanced by 0.3%, buoyed by gains among semiconductor equipment manufacturers. In contrast, Hong Kong equities declined by 0.8%, and mainland Chinese shares slipped by 0.1%. The yield on 10-year US Treasury notes hovered near 4.17%. Meanwhile, gold traded at $4,195 per ounce, Brent crude was priced at approximately $62.40 per barrel, and Bitcoin remained below the $90,500 mark.

Upcoming key events/data:

The Federal Reserve commences its two-day FOMC meeting today, with a 25-basis point rate cut decision anticipated tomorrow. Additionally, the September and October JOLTS reports are scheduled for release today and are expected to attract heightened scrutiny, as the October and November payroll figures have been postponed until 16 December. Meanwhile, the Reserve Bank of Australia has maintained its benchmark interest rate at 3.6% as expected.

Have a good day!

Chief Investment Office
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