



بنك الإمارات دبي الوطني  
Emirates NBD

## CIO OFFICE MORNING MARKET WRAP

17 February 2025

Last week was volatile but positive for most of the asset classes. Only gold and oil saw decline among major asset classes. It also saw a continuation of the blistering China rally. European and Chinese equities were up 5% last week compared to roughly 2% of the US indices. Chinese Tech sector has led the rally with HSTECH Index delivering an eye watering 31% gain since 13th January this year. The effort for a ceasefire in Ukraine could provide further boost to European stocks. We feel the consensus trades for the year are getting a fact check. This comes against a backdrop of tariff threats and the emergence of DeepSeek as a challenger to OpenAI. On the topic of tariffs President Trump unveiled reciprocal tariffs last Thursday with an April deadline which may bring other countries to the negotiation table to lower taxes on American exports.

We also had a host of key data releases last week. US consumer prices rose more than expected in January, triggering a bear steepening in the US Treasury yield curve. Both Headline and Core numbers surprised on the upside at 3.5 and 3.3% respectively. Core PPI numbers came in line with expectations. However, Retail Sales data released last Friday was awful declining 0.9% vs an estimate of 0.2% decrease. This triggered a rally in the US Treasury yields as the long end yields dropped 5 to 7 bps. Across the Atlantic, UK GDP grew by only 0.1% in Q4 2024 boosted by an increase in Government Spending of +0.8%. Eurozone Industrial Production was negative.

### Markets this morning:

This morning the Chinese opened lower but have recovered their losses to trade modestly positive. Chinese President Xi Jinping met Chinese corporate leaders today, in a signal that Beijing needs the private sector to help deliver economic growth and technology self-sufficiency. This could provide further boost to sentiments. Gold is trading at \$2,903. Brent Crude is trading above \$74.8. US Treasuries do not trade due President's Day Holiday.

### Upcoming key events/data:

This week we have a light data dossier. UK jobless claims are out on Tuesday followed by the country's CPI the next day. Germany ZEW Survey data is out on Tuesday. January FOMC meeting minutes are released on Wednesday. UK and Eurozone preliminary PMI release on Friday. We get the Flash PMIs as well as University of Michigan Sentiment data from the US on Friday.

Have a good week ahead!

Chief Investment Office  
Wealth Management,  
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