



بنك الإمارات دبي الوطني
Emirates NBD

CIO OFFICE MORNING MARKET WRAP

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Treasury Secretary Bessent commented yesterday on Bloomberg that the US was a long way away from increasing the average tenure of US Treasury issuance. Indeed, a JPM analysis shows that the weighted average maturity for outstanding US treasuries is currently within three months of its historical high. This means that we don't expect an avalanche of long-term issuance hitting the streets anytime soon. Predictably treasury yields came down 1 to 4 bps with belly of the curve outperforming other parts. Moreover, in macro data releases the Initial jobless claims increased 6k more than previous numbers to 219k exceeding estimates. European Union consumer confidence was also low at -13.6. Fed's Alberto Musalem said policy should remain "modestly restrictive" until it's clear inflation is on track to the 2% target. Raphael Bostic said there's greater uncertainty, but he still expects two rate cuts this year.

US equities went down yesterday as S&P 500 retreated from all-time highs dropping 0.4% and Nasdaq lost 0.5%. Walmart Shares fell forecasting lower-than-expected profit for the full year. The company said it's anticipating adjusted earnings to come between \$2.50 to \$2.60 per share. This follows last week's drop in US Retail Sales data. Both developed and emerging market Bloomberg composite indices lost 0.3%. Energy and Healthcare sectors were the top gainers whereas Consumer discretionary, finance and communication services were the laggards.

Markets this morning

This morning the Chinese stocks are on fire as Ali Baba's record earnings growth boosted the tech sector. The company reported better-than-anticipated revenue gains in its two most important divisions: e-commerce and cloud services, which houses its AI endeavors. Hang Seng Index jumped 2.9% and CSI 300 gained 1.2% today. Japan's core inflation accelerated more than expected to 3.2% in January, its fastest pace since 2023. Yen weakened past 150 and Nikkei lost 0.13%. US 10-year bond yields dropped 2 bps to 4.48%. Gold trades above \$2,930. Brent Crude has come down to \$76 from overnight levels.

Upcoming key events/data

Today we get a host of preliminary PMIs from across the world. In the US the PMIs are expected to show a strong economy with both Manufacturing and Services prints anticipated to come above 50 that shows expansion. In the UK, we may see weak manufacturing and better Services performance. In France, economists expect contraction in both the Services and Manufacturing while Germany may show resilience in Services and weakness in Manufacturing.

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