



بنك الإمارات دبي الوطني
Emirates NBD

CIO OFFICE MORNING MARKET WRAP

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Global markets last week reacted to mixed macroeconomic data and corporate earnings along with geopolitical de-escalation. Optimism in China tech and European equities clashed with concerns over U.S. consumer spending, inflation, and tariff uncertainties. Safe haven asset classes fared better with gold higher, the US 10-year Treasury yield lower with oil steady. All about China and emerging markets in February with China tech gaining 25% Month to Date and MSCI China +17% lifted by AI-related stocks and hopes of milder U.S. tariffs. Late to join the party China big tech leaders, Alibaba and Tencent adopters of DeepSeek/ other reasoning LLM AI models, announced further investment in AI, and this boosted their stocks. They have dominant market share in cloud, payments, ecommerce and social media chat in China and the China government is no longer branding them as monopolistic. BYD the leader in EVs in China also gaining as quick to roll out enhanced self-drive features. The MSCI UAE +7% YTD, with new issuance aiding market breadth. In a pivotal change from the last 2 years, emerging markets are up +6.9% and Developed markets +3.8% Year to Date.

The US markets which saw a record high for the S&P 500 at the beginning of the week saw main indices fall over 2% last week. Year-to-date gains, for the S&P 500 and Nasdaq are at 2.4% and 1.2% respectively, and the MAG7 group -2%. The pullback was influenced by a combination of factors, including a significant drop in retail sales—the largest in two years—signaling potential consumer slowdown, and persistent inflation concerns keeping the Fed cautious about rate cuts.. Headline CPI rose 3% y/y, while moderated from earlier peaks, reinforced the Fed’s reluctance to signal imminent rate cuts.

On major US stocks: Walmart’s disappointing outlook reinforced the view of slowdown in consumption. Berkshire announced record profits with \$334bn in cash, booking gains on some of its largest US holdings, while adding to Japan equities. The UnitedHealth Group fell - 7% on Friday with a DOJ probe about Medicare billing practices.

European markets, the STOXX 600 at new highs, buoyed by solid earnings from companies like Siemens, alongside tentative signs of economic improvement in the eurozone. Japan’s Nikkei faced downward pressure amid trade war fears and a strengthening yen. Fixed income markets reflected shifting expectations. The U.S. 10-year Treasury yield slightly lower, 4.3%, with hotter-than-expected inflation data against weaker retail sales figures. Oil prices Brent at \$74.4 per barrel, down 0.4% for the week, reflecting trade jitters and rising inventories. Gold, \$2,940 at record highs. Cryptocurrencies, Bitcoin around \$95,400 as regulatory speculation weighs on sentiment.

Markets this morning:

This morning China mainland and Hong Kong markets are flat. Within sectors Semis and AI stocks doing better. Japan markets are closed. The Yen strengthens to 149.3 to the USD. Exit polls indicate Germany’s conservative opposition leader Friedrich Merz to win the election but in a result that will require him to forge a coalition. Euro a little higher at 1.052 against the USD. Ukrainian President Zelenskiy said ready to step down as President if it were to guarantee peace and NATO membership for Ukraine. The EU will hold an emergency summit on defense and Ukraine on March 6.

Upcoming key events/data:

Today we get Eurozone CPI, BOE speakers.

Tuesday: February Consumer Confidence and earnings from Home Depot.

Wednesday: January new home sales. Nvidia earnings post close. Stock range-bound for 8 months now with news on DeepSeek, Blackwell timing, etc.

Thursday: 4Q US GDP second estimate, January durable goods, January pending home sales.

Friday: US PCE data

Have a good day!

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