



بنك الإمارات دبي الوطني
Emirates NBD

CIO OFFICE MORNING MARKET WRAP

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Markets continued their negative run for the second day of the week as weak economic data and concerns over higher tariffs weighed on sentiment. The MSCI ACWI declined 0.4%, led by a 0.5% drop in the S&P 500, while tech stocks dragged the Nasdaq lower for a fourth consecutive session. Consumer confidence dropped by the most since 2021, signaling fears that slowing growth may be the dominant theme ahead. Bond yields fell sharply, with the 10-year Treasury yield dropping 11 basis points to 4.29%, as traders raised bets on additional Fed rate cuts this year.

The U.S. market struggled with a selloff in megacap tech. The Bloomberg Magnificent Seven Index officially entered correction territory, having lost over 10% from its peak. Tesla continued its steep decline, pushing its market value below \$1 trillion and Nvidia slid 2.8% ahead of its highly anticipated earnings release. Defensive sectors, including utilities and healthcare, held up better, but the overall tone was risk-off. European markets fared slightly better, with the MSCI Europe Index gaining 0.2%, driven by strength in banking stocks, which extended their year-to-date rally to 20%. Defensive names like Novo Nordisk also outperformed, while semiconductor stocks were hit by reports of further U.S. restrictions on chip sales to China.

Asian equities were broadly lower. The MSCI China Index slumped 1.8%, reflecting renewed concerns over trade restrictions and weak domestic demand. Japan's TOPIX declined 0.4%, weighed down by a sharp selloff in semiconductor stocks as the U.S. is pressing on Japan to align on China chip restrictions. Tokyo Electron and Advantest fell over 4% as investors took profits ahead of Nvidia's results. The MSCI India Index fell 0.2%, extending a broader trend of weakness that has seen Indian equities underperform in recent months, with metals and software stocks leading the decline yesterday. Indian equities remain on track for their fifth consecutive monthly decline, as stretched valuations and foreign selling continue to weigh on sentiment.

Commodities were mixed, with crude oil extending its decline. Brent crude fell below \$73.1 per barrel as expectations of increased U.S. tariffs on energy imports and weak Chinese demand pressured prices. Gold fell 1.3% to \$2,914 an ounce and Copper prices spiked 5% after Trump's executive order to investigate potential tariffs on imported copper, a move that could disrupt global supply chains.

Markets this morning

Today, Chinese technology stocks rebounded, with the Hang Seng Tech Index surging after DeepSeek reopened access to its core programming interface following a nearly three-week suspension. Alibaba and JD.com led the gains in tech; real estate and consumer stocks also rose, with markets positioning ahead of Hong Kong's annual budget announcement. However, concerns remain over President Trump's escalating trade measures, which continue to weigh on global risk appetite.

Upcoming key events/data

Today's focus remains on Nvidia's earnings, a critical test for the AI trade that has fueled markets over the past year. Other key events and data today include US new home sales and remarks from Fed's Raphael Bostic. On Thursday, Eurozone consumer confidence data will be released, along with US GDP, durable goods orders, and initial jobless claims. Several Federal Reserve officials are also scheduled to speak. On Friday, Japan will report Tokyo CPI, industrial production, and retail sales figures. In the US, the PCE inflation report, the Fed's preferred gauge, will be closely watched, along with remarks from Fed's Austan Goolsbee. The broader focus remains on whether the recent risk aversion is a temporary pullback or the start of a deeper market correction.

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