



بنك الإمارات دبي الوطني
Emirates NBD

CIO OFFICE MORNING MARKET WRAP

28 February 2025

Markets tumbled as Nvidia's sharp selloff and renewed tariff threats from President Trump rattled sentiment across global equities. The MSCI ACWI slid 1.4%, with the S&P 500 dropping 1.6%—its worst session of the year. Nvidia sank 8.5% after delivering solid results but guidance came short on tighter margins that overshadowed an upbeat revenue outlook. President Trump announced that tariffs on Canada and Mexico to go into place March 4th, and that he'd impose an additional 10% tax on Chinese imports, which sent the dollar higher while equities broadly retreated. He also announced plans to restart trade negotiations with the UK, aiming for a swift agreement to prevent British exports from facing potential tariffs. In a joint press conference, UK Prime Minister Keir Starmer welcomed the move, calling it a step toward a "new economic deal" between the two nations.

The U.S. market saw a broad selloff, with megacap tech stocks leading losses. The Nasdaq 100 fell 2.8%, weighed by Nvidia's 8% decline and weakness in other AI names. The S&P 500 erased its 2025 gains, while the Dow Jones Industrial Average slipped 0.5%. Initial jobless claims jumped by 22,000 to 242,000 last week, the highest level since October, reflecting a pickup in layoffs at major corporations and federal agencies. The U.S. economy maintained a 2.3% annualized growth rate in the fourth quarter of 2024, with personal consumption rising 4.2%. Q4 Inflation ran hotter than expected, as the Fed's preferred core PCE price index increased 2.7%, revised up from the initial 2.5% estimate. Durable goods orders rebounded in January, climbing 3.1% to \$286 billion after two months of declines, primarily due to a 9.8% surge in transportation equipment.

European equities pulled back from record highs, with the MSCI Europe Index slipping 0.5%. The Stoxx 600 fell after Trump threatened 25% tariffs on European goods, sparking renewed fears of a trade war. Automakers stocks were hit hardest, with shares of Stellantis and Volkswagen leading declines.

Asian equities saw mixed performance. The MSCI China Index dropped 0.7% as Hong Kong stocks retreated following their recent rally. Tech names, including Alibaba and Xiaomi, led the decline, though mainland Chinese equities managed to hold steady. Markets remained cautious as Trump's latest tariff move added to uncertainty over U.S.-China relations. Japan's TOPIX rose 0.7%, driven by gains in electric appliance stocks and renewed confidence in corporate earnings. Toyota climbed 2.2%, contributing the most to the index's advance. Tokyo's consumer inflation slowed in February, reducing expectations for an early rate hike by the BOJ.

Oil prices rose by 2%, with Brent crude climbing to \$74.0 per barrel; gold dropped 1.3% to \$2,877 an ounce. Treasury yields inched higher following the equity selloff, with the 10-year yield rising to 4.27%. The dollar strengthened, pressuring emerging market currencies as trade concerns deepened.

Markets this morning:

Today, selling pressure in U.S. equities spilled over into Asia, with stocks in the region echoing Wall Street's sharp drop. The MSCI China Index fell as much as 2.1%; and a gauge of Chinese shares listed in Hong Kong dropped 2.4%, marking its biggest one-day loss since January 2. Treasuries rallied, sending the 10-year yield down to 4.24%, its lowest level since December. Bitcoin extended its decline, now down 25% from its all-time high. Markets remain on edge as they assess the potential fallout from rising trade barriers and the slowing momentum in AI-related stocks.

Upcoming key events/data:

Key events and data today include U.S. PCE inflation report, personal income and spending, along with remarks from Fed's Austan Goolsbee.

Have a good day!

Chief Investment Office
Wealth Management
Emirates NBD.

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