Emirates NBD

CIO OFFICE MORNING MARKET WRAP

11th July 2025

Global stocks and gold gained +0.3% on Thursday while the fixed income asset class was on average marginally lower. The price of Brent crude retreated significantly, down -2% to $68.6, as the OPEC seminar ended (more below). The dollar strengthened +0.2% against trade-weighted counterparts and is so far up +1% in July after -11% in H1.

The takeaway from the OPEC seminar in Vienna is simply increased production ahead. The organization released an optimistic World Oil Outlook, which expresses the relatively contrarian view of a steady long-term growth in demand to 123mn barrels per day in 2050. As the group also highlighted, for the shorter-term, supportive summer seasonals, with some industry heavyweights mentioning "tight fundamentals", most of the historical voluntary cuts will most probably be unwound in a short time frame of months. Many analysts and strategists are much less bullish on demand, which explains the price reaction.

US trade policy is obviously the main topic of July, and we start every day trying to analyze the latest overnight developments. This week alone, we had unilateral tariff letters being sent, a new deadline of August 1st (initially "more or less firm" and then turning absolute), a punitive 50% rate on copper imports, another one on Brazil surprisingly justified by disagreement on internal affairs, and the threat of a 200% levy on pharmaceuticals. Another layer appeared last night as President Trump slapped a 35% rate on some Canadian products (not covered by the existing USMCA) and expressed to CNBC the idea of a blanket levy of "15 to 20%" on most trading partners which can be interpreted as the new "10%" base line. He also said that the European Union should receive their letter today. From anyone else than the author of the "Art of the Deal", this would have been terrible news for markets – and it may ultimately prove to be. However, given the multiple gyrations from the White House on the same topic and on a few others so far, it is not unreasonable to see at least part of these statements as some negotiation strategy. Brazil is taking a firm position, and it will be interesting to see if the new Prime Minister of Canada and the European Union also do. For the time being, stock markets seem to turn their focus on the imminent start of the Q2 earnings season, but tariffs will sustain volatility in the coming weeks.

Markets this morning:

Asian markets are thus not impressed as we write this morning. Stocks are flat in Japan and Korea but up +1% in Shanghai-Shenzhen and +1.7% in Hong-Kong. US treasury yields are quiet, but the dollar continues to grind higher, which doesn't pressure gold and Brent prices, both up +0.3% to respectively $3,334 and $68.9. Bitcoin is at a new record high approaching $117k. Canadian dollar and Brazilian assets are not sought after, but apart from that, the only visible sign of global tariffs angst is in US stock index futures, down -0.2%. This doesn't look like panic especially as US stocks had reached another all-time high yesterday.

Upcoming key events/data:

The data dossier is light again today, with mostly some UK monthly data for May including industrial production. Next week will be richer with China June trade numbers, as well as industrial production and retail sales for both the US and China, CPI in the Eurozone and the Empire manufacturing survey. Most importantly, the earnings season will take centre stage in the two weeks ahead, including major banks next week and tech the following. Meanwhile, we will of course have more surprises and potential shocks from Washington DC.

Have a great end to the week.

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