CIO OFFICE MORNING MARKET WRAP

17 July 2025

Global equities made only marginal moves Tuesday. The MSCI ACWI rose just 0.1%, with developed and emerging markets effectively flat. The S&P 500 gained 0.3%, leading global peers on strength in financials and housing-linked names. Sentiment remained cautious as markets digested another soft inflation print, a full earnings slate, and ongoing political and trade noise. Goldman Sachs reported its best stock trading revenue since 2021, adding to positive momentum in financials after Bank of America's trading-driven beat. JPMorgan extended gains as it cemented its lead as the most valuable global bank. Regional lenders stabilized, while housing and construction names benefited from falling yields. Energy and health care also caught flows. On the data front, producer prices rose less than expected in June across both headline and core readings. Upward revisions to May softened the surprise, but both year-over-year measures came in below consensus. Core goods rose 0.3%, though the broader softness came from services, particularly transport and warehousing, likely due to tariff-related import declines. Inputs to PCE were mixed, with sharp drops in airfares, higher portfolio management fees, and restrained gains elsewhere. The print may slightly ease inflation concerns, but expectations of a 0.3% rise in core PCE later this month remains on the table. Bonds rallied modestly, though attention now turns to updated PCE forecasts.

European equities lagged. The MSCI Europe Index dropped 0.6% as earnings and macro headlines underwhelmed. ASML missed on orders and cooled guidance, dragging chip and industrial names lower. Renault also slipped after flagging global demand challenges. German stocks underperformed following a dip in investor sentiment and sluggish economic data. In the UK, CPI unexpectedly ticked higher, muddying the Bank of England's rate outlook and reviving hawkish pricing. Financials and homebuilders declined, though defensives like energy and consumer staples held firmer into the close. Asia was more mixed. The MSCI China Index fell 0.2% as recent strength in tech and consumer names faded. Hong Kong's Hang Seng pared gains, with autos and internet majors under pressure after a multi-day rally. Chinese pharma outperformed, but broader positioning remained cautious amid earnings season and uneven macro signals. In Japan, the TOPIX slipped 0.2% as exporters sold off ahead of election updates and industrial guidance. Machinery and chip suppliers dragged, while utilities and real estate provided support.

In commodities, Brent crude oil fell 0.3% to $68.5 per barrel as supply concerns eased. Gold rose 0.7% to $3,347 an ounce, buoyed by haven demand and softer real yields. The dollar slipped 0.3%, and the yield on 10-year Treasuries declined three basis points to 4.45% as bonds extended gains following the subdued PPI print.

Markets this morning:
Today, markets are steady as participants weigh recent data against political headlines. S&P 500 futures are flat, Nasdaq futures down slightly. Trump softened his rhetoric on China and denied immediate plans to remove Fed Chair Powell, offering a brief reprieve after recent volatility. President Trump said he plans to notify over 150 countries that they may soon face new tariffs of 10% to 15% under a sweeping realignment of trade terms. The dollar firmed and Treasuries held gains, while Asia opened with mixed price action. Hong Kong equities edged higher, mainland Chinese shares were flat, and Japan traded modestly weaker.

Upcoming key events/data:
The remainder of the week remains packed. Today, TSMC reports earnings in a closely watched readout on the semiconductor cycle, alongside US retail sales and jobless claims. Eurozone CPI and UK labor data are also on deck. Friday rounds out with US housing starts and the University of Michigan consumer sentiment index.

Best Regards,

Chief Investment Office
Wealth Management
Emirates NBD.

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