CIO OFFICE MORNING MARKET WRAP

18 July 2025

Global equities extended gains Thursday, paced by developed markets as resilient economic signals and solid corporate earnings underpinned sentiment. The MSCI ACWI rose 0.6%, with developed markets up 0.6% and emerging markets just 0.1% higher. The S&P 500 advanced 0.5% to another record, driven by strength in consumer stocks and semiconductors. Retail sales delivered a broad-based upside surprise, while earnings from TSMC, Netflix, and U.S. financials reinforced confidence in profit durability. Chip stocks rallied globally after TSMC posted its strongest sales growth in over a year and raised its full-year outlook on AI-driven demand, though management signaled a cautious capex stance for 2025. Uber surged as it confirmed plans to roll out autonomous taxis in 2026, with a new self-driving model showcased this week. U.S. economic data struck a supportive tone. Retail sales rose 0.5% in June, double consensus expectations, with strength in discretionary spending categories and upward revisions to May. Jobless claims fell for a fifth straight week to 221,000, the lowest since mid-April. The four-week moving average dropped to 229,500. While continuing claims remain elevated at 1.96 million, the trend reinforces resilience in hiring despite some softness in corporate commentary.

European equities outperformed. The MSCI Europe Index climbed 1.0%, led by German and French bourses. Sentiment was lifted by upbeat earnings and a rally in industrials and tech. European chipmakers tracked TSMC higher, while construction, autos, and banks saw steady inflows. UK stocks recovered as labor market data, while soft, failed to shift rate expectations materially. Unemployment edged up to 4.5%, its highest since 2021, but wage growth remained firm. Markets were largely unfazed by the fiscal backdrop, as Chancellor Rachel Reeves faces mounting pressure over jobs guidance and budget priorities. Asia saw solid participation. Japan's TOPIX gained 0.7%, supported by firm retail data and speculation of BOJ patience on policy tightening. Equities rallied across cyclicals, while banks and insurers were aided by stable yields. Chinese stocks also ended on a strong note. The MSCI China Index edged up 0.2%. Hong Kong shares outperformed with battery material makers and EV names in focus. Beijing announced new subsidies to stimulate EV demand and pledged continued support for key industrial segments. Optimism was further fueled by signs of stronger flows and a more constructive earnings tone from consumer tech and healthcare.

In commodities, brent crude rose 1.5% to $69.5 per barrel and gold slipped 0.2% to $3,340 an ounce. The dollar rose 0.3%, and the yield on 10-year Treasuries was little changed at 4.46%.

Markets this morning:
Today, markets are steady heading into the weekend. Futures point to a flat open in the U.S. after a record-setting session. Asian equities are mostly higher, with Japan extending gains and China showing tentative strength. Governor Christopher Waller advocated for a July cut to support a softening labor market, while San Francisco Fed President Mary Daly echoed expectations for two cuts this year. However, Fed Governor Adriana Kugler urged holding rates steady amid tariff-driven inflation. Cryptocurrencies rallied after the U.S. Congress passed the first legislation regulating stablecoins.

Upcoming key events/data:
Data highlights today include US housing and the University of Michigan consumer sentiment index.

Best Regards,

Chief Investment Office
Wealth Management
Emirates NBD.

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