بنك الإمارات دبي الوطني
Emirates NBD

CIO OFFICE MORNING MARKET WRAP

17th June 2025

Markets opened the week with a broad rebound as conditions somewhat steadied and fear of all-out war eased. The MSCI ACWI rose 0.9%, led by strength in the US, China, and Japan. Developed markets gained 0.9%, matching the S&P 500's move, and emerging markets added 0.7%. The tone was constructive with equities climbing, haven demand easing, and yields pushing higher. Commodities and currency markets reflected a partial unwind of last week's risk aversion. Central bank decisions later in the week kept positioning measured. Macro and fiscal narratives returned to the forefront. The S&P 500 climbed 0.9%, paced by megacaps and cyclical sectors. Rate-sensitive stocks found support as Treasury yields ticked higher and economic data held firm. Energy underperformed, tracking the move in crude. Tech and consumer discretionary posted solid gains. In Washington, the Senate GOP unveiled a tax package aimed at preserving tax cuts enacted during Trump's first term and introducing several new breaks. The proposal includes eliminating taxes on tips, making business deductions permanent, and reducing clean energy incentives. It also calls for deeper Medicaid cuts, with the party still divided over the treatment of the SALT deduction, which limits the amount of state and local taxes that individuals can deduct from federal taxable income. The fiscal backdrop remains a key variable as the bond market adjusts to a widening deficit and sticky inflation risks.

European stocks edged higher. The MSCI Europe Index rose 0.3%, supported by retail and luxury names. Kering surged more than 12% on reports of a leadership shift at Gucci. Chinese retail sales data offered an additional lift, supporting demand expectations for European exporters. Chinese equities gained, with the MSCI China Index up 0.7%. Property developers outperformed following new support measures from Beijing. Home prices posted their steepest drop in seven months, prompting officials to step up stimulus. Small-cap and consumer-linked stocks led gains, suggesting a rotation within onshore markets toward domestic growth plays. Japan's TOPIX rose 0.8% as a weaker yen helped offset concerns over higher energy costs. Semiconductors and defense stocks outperformed. Advantest jumped nearly 10% on renewed optimism around AI and chip demand. Broader sentiment gained support from expectations that currency dynamics will remain favorable to exporters.

Within commodities, Brent crude dropped 1.4% to $73.2 per barrel, reversing earlier gains tied to Middle East tensions. Gold fell 1.4% to $3,385 an ounce, reflecting a pullback in haven demand. The yield on 10-year Treasuries rose six basis points to 4.46%. The dollar was little changed against major peers.

Markets this morning

Today, futures turned lower and oil rebounded after President Trump called for the evacuation of Tehran. The message, posted from the G7 summit in Alberta, marked a sharp turn from the earlier tone suggesting de-escalation. The White House confirmed Trump would leave the summit early and return to Washington. Gold rose and equities showed mixed performance across Asia. Japan and South Korea posted gains. Chinese and Hong Kong shares slipped. Markets now focus on to the Federal Reserve and Bank of Japan policy meetings. Signals on inflation, trade, and geopolitical risks will shape the next move.

Upcoming key events/data

Key events and data this week include the Bank of Japan's rate decision on today alongside US retail sales, industrial production, and Germany's ZEW survey. The G7 summit continues in Canada, drawing global attention. On Wednesday, the Federal Reserve delivers its rate decision, alongside updates from Brazil, Indonesia, Sweden, and the UK. Markets will also watch Eurozone and UK CPI, Japan trade data, and US housing starts. Thursday is a US market holiday for Juneteenth. Policy decisions from Switzerland, the Philippines, and the UK remain in focus. On Friday, Canada reports retail sales and China announces loan prime rates. ECB officials remain active throughout the week with speeches in Milan, Amsterdam, and Kyiv.

Have a good day!

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