Emirates NBD
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CIO OFFICE MORNING MARKET WRAP
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Markets finished the week softer, as cross-currents in the data met a fresh round of policy noise. The MSCI ACWI fell 0.4% for the week, with developed markets down 0.3% and emerging markets off 0.6%. The S&P 500 slipped 0.1%, holding up better than most after early strength faded. In the US, the growth and inflation mix remained benign on balance: second-quarter GDP was revised higher while July data showed real spending up 0.3% and core PCE at 2.9% year on year. Jobless claims came in at 229,000 and the University of Michigan sentiment gauge fell to a three-month low as tariffs and price expectations weighed. Fed Governor Waller said he would support a quarter-point cut in September and sees scope for further easing over the next six months. Trade policy stayed in the frame after a federal appeals court declared most of the administration's global tariffs illegal but allowed them to remain in effect while litigation continues. That combination kept exporters and globally cyclical pockets on a short leash. Headlines around government support for strategic manufacturing also persisted, including the US taking a large, non-voting equity stake tied to semiconductor funding.

Nvidia reported Q2 results and guided revenue to be about 54 billion dollars for the October quarter, a solid step up but shy of the most optimistic calls, and it outlined an outlook that implies a gentler growth slope after a period of breakneck gains. Management said China data center sales were not included in guidance and positioned a 60 billion dollar repurchase plan around longer-term demand, with Jensen Huang reiterating a multi-year build out of AI infrastructure across industry and government. Shares wobbled and the broader semiconductor complex swung around the release as investors weighed decelerating growth against still extraordinary scale and margin power.
Europe underperformed. The MSCI Europe Index fell 1.9%, with policy risk and earnings revisions tugging at sentiment. UK bank shares stayed heavy on renewed debate around windfall taxes and pressure on reserve-income assumptions. German inflation surprised on the high side and unemployment edged up toward three million, keeping investors wary into month end. In France, the new government continues to search for a working majority ahead of a confidence vote slated for September 8. The EU also floated removing certain tariffs on US industrial goods, a step that would mark a shift after years of tit-for-tat measures, though details and timing remain fluid. Major European benchmarks ended the week mixed to lower as banks and cyclicals lagged.

Within Asia, MSCI China fell 0.8% on the week, with positioning and single-name moves doing more of the work than fresh macro prints. Turnover stayed exceptionally high: average daily on-exchange activity in August ran about ¥2.2 trillion, surpassing the prior peak near ¥2.0 trillion, as the CSI 300 climbed close to 10% for the month. Several brokerages and fund managers trimmed margin financing and limited purchases to cool speculation. Hedge-fund risk appetite picked up into mid-August, with an index of large domestic equity hedge funds lifting more than 8 percentage points to roughly 82% net exposure, the biggest weekly increase in about two years; registrations of new equity-focused hedge funds also rose to the highest this year, pointing to greater high-net-worth participation even as broader retail remained tentative. manufacturing at 50.3. Company news cut both ways, with Alibaba showing incremental progress in cloud and AI while BYD posted a sharper-than-expected profit drop on price competition. In semis, a US move to revoke waivers that had allowed Samsung and SK Hynix to ship certain chipmaking gear for use in China reinforced supply-chain caution. Japan's TOPIX fell 0.8% as investors took profits into US data, with exporters and autos under pressure. Separately, Beijing and New Delhi announced plans to restart direct flights as political ties thaw.

Commodities closed Friday with a firmer tone in precious metals and steady energy. Gold rose 0.9% to 3,447 dollars an ounce. Brent settled flat at 68.1 dollars a barrel. The US 10-year yield rose three basis points on the day to 4.23% and the dollar was little changed.

Markets this morning:
Today, Asian equities slipped as Friday's U.S. tech selloff rolled through the region, with chipmakers dragging broad gauges while China internet outperformed: the MSCI Asia Pacific fell about 0.2% and Japan's Nikkei 225 dropped roughly 2% on semiconductor weakness, even as Hong Kong gained after Alibaba jumped as much as 19% on AI-driven cloud momentum; Shanghai edged higher, Indonesia underperformed on political instability, and the tone followed a broader reset after Nvidia's decline, while BYD slid on a 30% quarterly profit plunge that underscored dispersion across China autos; U.S. equity futures ticked up around 0.1% as a federal appeals court said most prior U.S. global tariffs were illegal but left them in place pending litigation, and with the U.S. closed for Labor Day, attention turns to data later this week.

Upcoming key events/data:
The week ahead delivers a dense slate of key data. Monday we get euro area and German manufacturing PMIs and euro area unemployment, alongside the UK manufacturing PMI plus mortgage approvals and house-price gauges; Japan prints capital spending and its PMI, while the US and Canada are shut for Labor Day. Tuesday centers on euro area flash CPI and unemployment with country-level CPI from France and Spain and Italy's GDP, while the US releases ISM manufacturing, construction spending, factory orders and auto sales. Wednesday brings the Fed's Beige Book, euro area PPI and final services PMIs across the euro area and UK, plus China's Caixin services PMI; BOE and ECB appearances also populate the diary. Thursday features the US ADP employment report, initial jobless claims, trade balance and ISM services; euro area retail sales land the same day. The Senate Banking Committee holds a hearing to fast-track Stephen Miran's nomination to the Fed Board, with remarks due from New York Fed President John Williams and Chicago Fed President Austan Goolsbee. Friday is the main event: US nonfarm payrolls and unemployment, with euro area GDP, Germany factory orders and UK retail sales also due. Japan reports household spending and its leading index, and Canada releases unemployment. On the event side, Russia's Eastern Economic Forum features a Putin address.

Have a great day.

Chief Investment Office
Wealth Management
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