CIO OFFICE MORNING MARKET WRAP

24 September 2025

Flash PMIs were released globally yesterday. The US composite PMI decreased to 53.6 in September from 54.6 in August, with New Orders declining to 53.1. This marks the seventeenth consecutive month of expansion. The manufacturing PMI slipped to 52.0 from 53.0 in August, with most subcomponents experiencing a decline during the month. Slower sales contributed to an increase in finished goods inventories, which reached their highest level in survey history. Service sector output moderated to a three-month low, as the S&P services PMI fell to 53.9 from 54.5 in August. In the Eurozone, manufacturing PMI dropped to 49.5 from 50.7 in August, while the Services index rose to 51.4 from 50.5. The UK PMI decreased to 51, down from a one-year high of 53.5 reported in August, with survey participants highlighting weak order volumes in both domestic and export markets. The UK's manufacturing PMI remained in contraction at 46.2.

Chair Powell restated points from last week's FOMC press conference in his prepared remarks today, addressing concerns about a less dynamic labour market and its potential effects on the employment mandate. During yesterday's Q&A, Powell discussed inflation and repeated his position that tariff-related inflation is expected to be temporary, while also indicating caution regarding assumptions about inflation targets. He noted a possible risk of easing monetary policy prematurely, which could result in inflation rising to 3.5% or 4% next year. Chicago Fed President Goolsbee, in a CNBC interview, indicated support for additional easing but advised a patient approach to rate reductions, expressing preference against a 50 basis points cut. Goolsbee described current policy as mildly restrictive, estimating neutrality at 100-125 basis points lower than the present rate.

US Treasuries gained for the first time in five sessions. Treasury yields declined today by 2-3bp across the curve, with the long end leading the way lower. the rally was also likely aided by a risk off move in equities that occurred at roughly the same time. Both S&P 500 and Nasdaq dropped by 0.5% and 0.9%, respectively. European indices were positive with MSCI Europe gaining 0.2% while UK stock market remained flat. EM equities outperformed DM gaining 0.2%.

Presight and Shorooq have launched a global AI innovation fund targeting $100 million in investments across AI, machine learning, and analytics sectors—including smart cities, energy, fintech, AR/VR, GameDev, industry 4.0, and deep tech. UAE's M3 money supply grew 26.8% year-on-year in July, up from 13.9% in June.
The KSA plans to ease rules capping foreign ownership of listed companies at 49%, potentially allowing a majority stake for foreigners. This change could increase Saudi equities' weighting in MSCI benchmark indexes, likely attracting more investment from fund managers.

Markets this morning:
Hong Kong stocks gained 0.8% this morning, despite Super Typhoon Ragasa hitting the city. Alibaba rose 5.6% after announcing more AI investment. Japanese stocks fell, with the Nikkei down 0.4%. Japan's composite PMI slipped to 51.1, manufacturing PMI stayed in contraction at 48.4, while services PMI stood at 53.0. Oil prices increased as President Trump intensified rhetoric against Russia, pushing Brent Crude to $67.8. Gold hit a record $3,764, and US 10-year Treasury yields are at 4.11%.

Upcoming key events/data:
The macro data dossier remains light today. From the US, we get MBA mortgage applications and New Home Sales. Germany September IFO Business Climate data will be released today. Fed's Mary Daly and BoE's Greene are scheduled to speak later this evening.

Have a great day.

Chief Investment Office
Wealth Management
Emirates NBD.

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