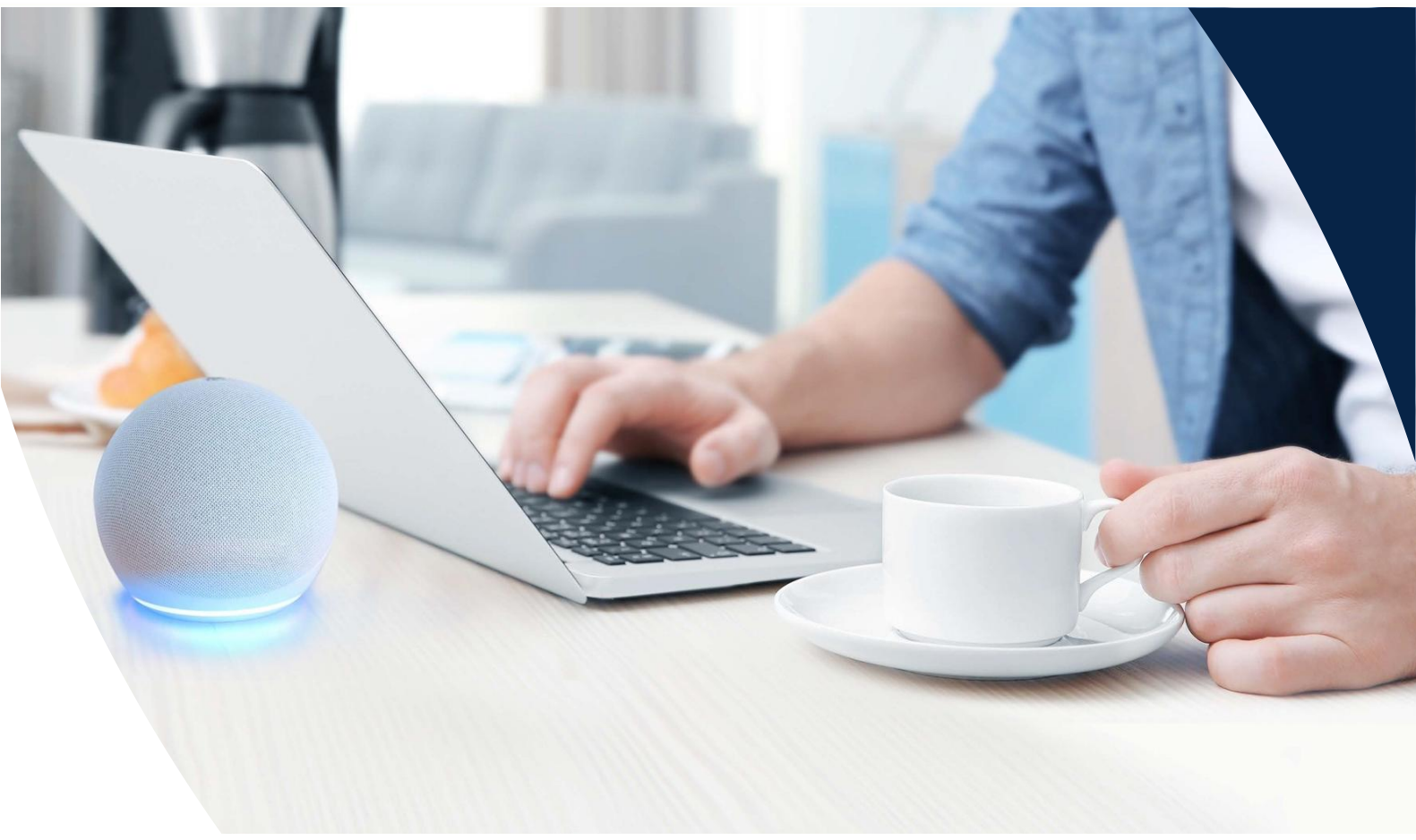
بنك الإمارات دبي الوطني
Emirates NBD



CIO OFFICE MORNING MARKET WRAP

26 September 2025

Donald Trump stated that a 100% tariff on branded or patented drugs will take effect on October 1 unless companies establish manufacturing facilities in the United States. This announcement is part of several new industry-specific tariffs scheduled to begin next Wednesday. Imported heavy trucks will face a 25% duty, kitchen cabinets and bathroom vanities will have a 50% tariff, and upholstered furniture imports will be taxed at 30%.
FOMC members are divided: Bowman sees a weak jobs market supporting more rate cuts, while Miran warns that delayed cuts could hurt the economy. Schmid suggests further cuts may not be needed soon, and Goolsbee remains wary of tariff-driven inflation, resisting rapid reductions.

Initial jobless claims fell by 13,000 to 218,000 (vs. 233,000 expected), the lowest since mid-July. Continuing claims dropped by 2,000 to 1.926 million (vs. 1.932 million expected), down 18,000 from August's reference week, indicating a likely steady 4.3% unemployment rate for September. Separately, Q2 real GDP was revised up by 0.5 percentage points to 3.8% (vs. 3.3% consensus); real consumption was also revised higher from 1.7% to 2.5%. Strong late-Q2 spending suggests upside risk to real consumption forecast for Q3 2025.

Fed expectations have repriced significantly: OIS forwards are now pricing in 38bp over the balance of 2025, down from 44bp just a week ago. the 7-year auction stopped 0.6bp cheap to pre-auction levels, as the share of end-user demand declined to 88%, the lowest share since April. The US Treasury curve flattened with front-end rising 5 bps. Equity indices were negative across the globe. S&P 500 and Nasdaq dropped by 0.5%. Both DM and EM equities fell 0.6%. Healthcare was the worst performing sector given the negative news flow on tariffs. Trump facilitated the development of proposals allowing American investors to acquire TikTok's U.S. operations from its Chinese parent company, ByteDance Ltd., with authorities estimating the transaction could be valued at approximately $14 billion.

Markets this morning:
This morning, Asian shares are broadly in the red. Nikkei is down 0.7%. Tokyo's core CPI unexpectedly held steady at 2.5% in September, supporting the BOJ's cautious approach to raising rates. Hong Kong and mainland China shares are down 0.6% and 0.4%, respectively. Gold continues to hold strong surging to $3,747. Brent Crude trades around $69.5. US 10-year treasury yields are at 4.17% dipping from yesterday's intraday high of 4.19%.

Upcoming key events/data:
Today we get the all-important US PCE which economists expect has risen 0.2% in August, compared with 0.3% in July. On an annual basis, the so-called core measure is seen holding at a still-elevated 2.9%. We also get the University of Michigan Sentiment indicators. Fed's Barkin and Bowman are set to speak today.

Have a great day.

Chief Investment Office
Wealth Management
Emirates NBD.

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