بنك الإمارات دبي الوطني
Emirates NBD

CIO Office Morning Notes

4 February 2026

Tuesday saw no JOLT survey release due to the partial government shutdown in the United States and the same would be occurring on Friday for the jobs report. The shutdown is anyway on track to end later Tuesday as yesterday the House approved a funding deal negotiated by President Trump. Market action was hectic with the S&P 500 falling from near record levels as investors rotated away from semiconductors into more economically sensitive industries. Transportation stocks (+2%), led higher by FedEx, recorded a new all-time high breaking a 5-year range. This would reinforce the strong economic signal provided by the ISM manufacturing on Monday. At the same time, the data services space scored heavy losses after AI firm Anthropic released an automation tool for the legal profession. Gold (+6%) and silver (+7.6%) rebounded following a historic sell-off, while Brent crude (+1.5%) rallied on rising tensions in the Arabian Sea. The S&P 500 shed 0.8%, dragged down by IT stocks that lost 2.2%. The Nasdaq 100 settled 1.6% lower, while chipmakers fell 2.1%. The final verdict seems to be a rotation into value, as the S&P 500 equal-weighted (-0.2%) edged only mildly lower, and the smaller companies gained 0.3%. Earnings growth from value stocks exceeded expectations, and while results from IT megacaps were inline or better, market reaction to their spending varied wildly. And this past Sunday Oracle's plan to raise USD45-50bn this year to build additional cloud infrastructure capacity added to concerns about whether AI-linked investments would pay off. After Microsoft's cloud revenue growth fell short of expectations, investors will be looking to Amazon's and Alphabet's results on Wednesday and on Thursday to issue a more definitive verdict on the AI trade. Bitcoin sank almost 3% hitting the lowest level since President Trump's election victory. The US dollar edged lower, while US treasuries barely budged.

On the earnings front, old- and new-economy heavyweights PepsiCo and AMD reported on Tuesday, the latter after the market closed. PepsiCo released better-than expected Q4 profit, buoyed by strong international demand, and announced a share buyback program through February 2030. It reaffirmed guidance for 2026. Its shares rose by almost 5%. On the other hand, AMD tumbled 8% in late trading after it reported Q1 sales forecasts, despite the projections being above the average of consensus, in a sign of AI-trade fatigue. CEO Lisa Su stuck with her bullish prediction of AI revenue in the tens of billions in 2027.

Markets this morning:

Following a slide in US tech, Asian equities pared an earlier drop of as much as 0.6%, boosted by a rotation into more economically sensitive industries such as financials and industrials. Futures contracts on the S&P 500 and the Nasdaq 100 were little changed. Bitcoin firmed after briefly breaking below 73,000 in the previous session. Gold and silver extended their rebound rising by at least 2.5%. Brent crude opened higher rising for a second day in the wake of the incident involving an Iranian drone in the Arabian Sea. The yen fell as traders positioned ahead of an expected victory by PM Takaichi's LDP in this weekend's election. With stronger support the PM would advance her budget stimulus plan that would weigh on the already large government debt burden.

Upcoming key events/data:

Today's schedule is data and earnings rich. The US Treasury reports its Total Quarterly Refunding needs; business surveys for the services sector will take center stage in the United States, in the euro area, UK, and in Japan. The euro area reports the advance CPI for January. Google, Qualcomm, and Ely Lilly release Q4 results.

Have a good week ahead!

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