Emirates NBD
بنك الإمارات دبي الوطني

CIO Office Morning Notes

8 January 2026

Yesterday saw widespread profit-taking hit markets on mixed data and some Trump's tweets that further soured sentiment. The session had a defensive bias across investment styles and sectors. Following the ISM services release, that measures business confidence in the sector and was way above expectations, the probability of a rate cut at the Fed January meeting declined further from 15% to around 11%. A full cut is now discounted not before June. Investors think that under Powell macroeconomic data should really be bad for Fed officials to intervene. On the other hand two labor market surveys showing a continued slowdown in employment were shrugged off by money market traders. The S&P 500 closed 0.3% lower, the Dow Industrials (-1%) underperformed, while the Nasdaq was basically unchanged. Telecommunications services (+0.8%) topped returns supported by IT megacaps (+0.2%), while utilities (-2.5%) and industrials (-1.9%) trailed behind. Shares of Blackstone and homebuilders tumbled after President Trump said he would ban institutional investors from buying single-family homes. Also, defense stocks sold off following his statements about dividends and buybacks being conditional on more production and research. EM shares (-0.3%), and DM ex-US (-0.4%) also finished in the red. Regional equities were shielded from overall volatility to close in the green. The new rules that opened Saudi markets to all foreign investors were well received, with the Tadawul All Share Index gained 1.6%. High quality bonds were well bid, with the yield on the 10-year Treasury note falling over 2bps, while the 2-year ticked higher on revised easing expectations. Commodities retreated, from gold (-0.9%), to copper (-3.3%), and Brent crude (-1.2%). The US dollar (+0.11%) acted again as a safe-haven currency.

On Tuesday, our Tactical Asset Allocation Committee approved changes to portfolios that bucked the above market trends. EM equities and bonds were increased to overweight, allocation to high-quality bonds was cut, gold was kept at overweight, hedge funds were kept at underweight. We maintain a view that no recession is in sight, that the new round of Quantitative Easing started in December by the Fed will provide the appropriate market liquidity, and that the global capex cycle will underpin EM assets. In short, we think that bouts of market volatility still represent buying opportunities.

Markets this morning:

Asian stocks edged marginally lower as investors stayed sidelined in the morning session ahead of Friday's jobs report. The MSCI Asia Pacific Index fell 0.3% and US stock futures were little changed. Brent crude ticked higher, while gold (-0.4%) slipped. Treasuries held their losses from Wednesday's session following signs of weakness in US employment. Global affairs remained in the spotlight after US forces seized two more sanctioned oil tankers as part of Venezuela's energy quarantine. And European leaders closed ranks behind Denmark on heightened rhetoric by President Trump on Greenland.

Upcoming key events/data:

Today's focus will be on jobless claims and on the NY Fed 1-year inflation expectations in the United States. In Europe, consumer, industrial, and services confidence are released alongside the PPI and employment figures.

Have a good day!

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