CIO OFFICE DAILY OUTLOOK

16 July 2026

June PPI came in below expectations, with headline producer prices down 0.3% m/m versus forecasts for no change. The July Empire State Manufacturing survey also showed prices paid and received falling to their lowest levels since April. Trump repeated that Iran is seeking further talks, though Tehran has not confirmed this publicly, while Vice President Vance ruled out sending ground troops to Iran. In a throwback to the tariff pressures of 2025, the US announced charging 25% tariff on imports of certain goods from Brazil following an investigation alleging that the country engaged in unfair trade practices.

Fed officials reinforced a patient stance Wednesday. John Williams said rates are “well positioned” and inflation may have peaked, while Lisa Cook warned persistent inflation now outweighs labor-market risks. Markets now price only one hike by December. Kevin Warsh said AI-led price increases are not necessarily inflationary, signalling patience on this inflation source.

The S&P 500 rose 0.4% on strong bank earnings and softer inflation, while the Nasdaq 100 fell 0.3% as memory-chip and AI hardware stocks sold off. Morgan Stanley beat expectations, with Q2 revenue of $21.35bn versus $19.58bn consensus, up 27% y/y. ASML raised FY sales guidance to €43-45bn from €36-40bn, above the €39.3bn consensus, and Q2 EPS beat by over 10%. Treasuries rallied for a second day, with yields lower across the curve; two-year yields fell about 5bp and the 10-year declined 4bp to 4.55%.

Markets this morning

The Bank of Korea unanimously raised rates 25bp to 2.75%, its first hike since 2023, citing AI chip-led growth and sticky inflation. Asian equities are under pressure, led by semiconductors, with the Kospi down as much as 7.6%, Nikkei 225 off 2.8%, Hang Seng up 1.9%, and CSI 300 down 0.9%. Gold is steady near $4,060, the US 10-year yield is at 4.55%, and Brent trades below $85 despite IEA warnings on the global risks if the waterway remains closed.

Upcoming key events/data

Today’s key releases are June retail sales, where consensus expects growth to slow sharply to +0.2% m/m from +0.9%, and the July Philadelphia Fed Business Outlook, the first regional manufacturing read of the month. From the UK we get May GDP and Industrial Production data. Earnings include UnitedHealth and Netflix reports.

Have a great day.

Chief Investment Office
Wealth Management, Emirates NBD

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