

Disappointing economic data stoked growth fears.

US

- ▶ The Federal Reserve held its key interest rate unchanged between 5.25%-5.50%, but signalled it could start lowering rates as soon as mid-September amidst easing inflation and a cooling job market.
- ▶ US non-farm payroll employment grew by 114,000 in July, well below expectation of 176,000. Unemployment rate jumped from 4.1% to 4.3%, its highest since late 2021. Average hourly earnings grew 3.6% YoY, lower than market expectation.
- ▶ Private payrolls rose by 122,000 jobs in July, advancing by an upwardly revised 155,000 in June, below expectations of 150,000.
- ▶ Initial jobless claims increased by 14,000 to a seasonally adjusted 249,000 for the week ending July 27, the highest level since August 2023.
- ▶ US job openings stood at 8.184mn in June, down from 8.23mn openings (revised from 8.14 million) reported in May and came in above the market expectation of 8.03mn.
- ▶ The US manufacturing sector continued to contract at an accelerating pace in July, with the ISM Manufacturing PMI declining from 48.5 in June to 46.8 in July, below market expectation of 48.8. The Employment Index of the PMI declined sharply from 49.3 in June to 43.4 in July, while the New Orders Index fell from 49.3 to 47.4.
- ▶ The US treasury lowered its net borrowing estimate for the 3Q'24 (July to September) to USD740bn down from USD847bn previously forecasted in April.

Europe and UK

- ▶ Eurozone's economy grew by 0.3% in the second quarter of 2024, better than expected.
- ▶ Eurozone CPI rose to 2.6% y-o-y in July, above expectation of 2.4% y-o-y. Core CPI was unchanged at 2.9% y-o-y, but came above expectation of 2.8% y-o-y.
- ▶ Bank of England cut interest rates from 5.25% to 5%, the first rate reduction since the onset of the pandemic in March 2020.
- ▶ Unemployment in the Eurozone rose from 6.4 in May to 6.5% in June.

Asia

- ▶ China's official composite PMI showed economic activity slowed in July, but remained in expansionary territory. The weakness was mainly driven by the manufacturing sector activity but non-manufacturing activity growth also slowed in July.
- ▶ China's Caixin Manufacturing PMI unexpectedly contracted from 51.8 in June to 49.8 in July, the lowest reading since October and missing expectations of 51.5.

Rates

- ▶ Yields on 10Y UST bonds dropped 40bp to 3.79%, the lowest since July 2023 while the 2Y UST yields declined 50bp to 3.84, lowest since May 2023 as markets priced in 100% probability of c4 rate cuts of 25bp by end-2023.
- ▶ Yield on 10Y German bund, 10Y UK gilt and also 10Y JGB declined, tracking the drop in UST yields.
- ▶ 2Y10Y segment of the yield curves steepened, with 10Y-2Y UST curve spread ending at -9bp.

FX

- ▶ The DXY index lost 1% against the major currencies as markets raised the probability of higher Fed rate cuts this year after weak US economic data.
- ▶ The EUR initially weakened against the USD during the start of the week but ended the week stronger on the back of broad USD strength. The GBP weakened against the USD for the third consecutive week as the BoE cut interest rates.
- ▶ The Japanese yen posted its biggest weekly advance since 2022 on the back of the Bank of Japan rate hike, safe-haven demand and weak US economic data.

Commodities

- ▶ Commodity prices fell over the week, with the exception of precious metals, as negative US economic data surprises weighed on the demand concerns.
- ▶ Oil prices dropped for the fourth week in a row, despite simmering geopolitical tensions in the Middle-east, with disappointing data from the US and China adding to the demand concerns.
- ▶ Gold prices jumped along with other silver and platinum over the week as markets raised the probability of Fed rate cuts this year.

Equities

- ▶ Global equities recorded the third consecutive week of losses as weak US economic data raised concerns of Fed falling behind the curve. The biggest technology companies fell on underwhelming earnings and concerns over AI investments resulting in major expenditures with limited gains. Nasdaq Composite lost 10% from its July high, putting it in a technical correction.
- ▶ In DM, Canada and Europe ex UK underperformed the most in USD terms.
- ▶ Recent rotation into small-cap and value stocks paused with small caps underperforming large caps and mid-caps.
- ▶ Amongst global sectors, IT was the largest underperformer while utilities outperformed the most.

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The Weekly Market View

August 05 2024

ASSET MANAGEMENT LIMITED

Global markets' performance snapshot

Index Snapshot (World Indices)*

| Index | Latest | Weekly % | YTD % |
|------------|--------|----------|-------|
| S&P 500 | 5,347 | -2.06 | 12.09 |
| Dow Jones | 39,737 | -2.10 | 5.43 |
| Nasdaq | 16,776 | -3.35 | 11.76 |
| DAX | 17,661 | -4.11 | 5.43 |
| Nikkei 225 | 35,910 | -4.67 | 7.31 |
| FTSE 100 | 8,175 | -1.34 | 5.71 |
| Sensex | 80,982 | -0.43 | 12.10 |
| Hang Seng | 16,946 | -0.45 | -0.60 |

Regional Markets

| | | | |
|-----------|--------|-------|-------|
| ADX | 9,292 | -0.27 | -2.98 |
| DFM | 4,237 | -1.01 | 4.37 |
| Tadawul** | 12,046 | 0.16 | 0.66 |
| DSM** | 10,131 | 0.32 | -6.46 |
| MSM30** | 4,667 | 0.23 | 3.40 |
| BHSE** | 1,971 | -0.21 | -0.03 |
| KWSE** | 7,214 | 0.83 | 5.82 |

MSCI

| | | | |
|------------|-------|-------|------|
| MSCI World | 3,449 | -2.14 | 8.82 |
| MSCI EM | 1,061 | -1.03 | 3.66 |

Source: Bloomberg, and ADCB Asset Management

Notes: *Data as of August 02 2024 unless stated otherwise; **Data as of August 01 2024.

Global Commodities, Currencies and Rates*

| Commodity | Latest | Weekly % | YTD % |
|-------------------|---------|----------|-------|
| ICE Brent USD/bbl | 76.8 | -5.32 | -0.30 |
| Nymex WTI USD/bbl | 73.5 | -4.72 | 2.61 |
| Gold USD/t oz | 2,443.2 | 2.35 | 18.43 |
| Silver USD/t oz | 28.6 | 2.27 | 20.02 |
| Platinum USD/t oz | 960.0 | 2.09 | -3.22 |
| Copper USD/MT | 8,977.0 | -0.46 | 5.91 |
| Alluminium | 2,214.5 | -1.49 | -5.83 |

Currencies

| | | | |
|---------|--------|-------|-------|
| EUR USD | 1.09 | 0.51 | -1.16 |
| GBP USD | 1.28 | -0.51 | 0.55 |
| USD JPY | 146.53 | -4.70 | 3.75 |

Rates

| | Latest | Weekly (bp) | YTD(bp) |
|------------------|--------|-------------|---------|
| SOFR | 5.33 | -2.00 | -5.00 |
| UAE Eibor 3m | 5.14 | -7.16 | -18.99 |
| UAE Eibor 12m | 4.90 | -4.98 | -23.65 |
| US 3m Bills | 5.17 | -11.57 | -15.81 |
| US 10yr Treasury | 3.79 | -40.35 | -8.87 |
| German 10yr Bund | 2.17 | -23.40 | 15.10 |
| UK 10yr Gilt | 3.83 | -27.15 | 29.71 |

Tactical Asset Allocation with a 3-month view

| Asset Class | Positioning* | | | | | Balanced** | | |
|---------------------|--------------|----|---|----|-----|-------------|-------------|------------|
| | SUW | UW | N | OW | SOW | SAA | TAA | Active |
| Equities | | | | | | 41.2 | 41.2 | 0.0 |
| North America | | | | | | 25.8 | 22.8 | -3.0 |
| Equal-wt. US | | | | | | 0.0 | 2.0 | 2.0 |
| Europe | | | | | | 7.0 | 8.0 | 1.0 |
| Japan | | | | | | 2.3 | 2.3 | 0.0 |
| APac ex Japan | | | | | | 5.0 | 5.0 | 0.0 |
| EM ex Asia | | | | | | 1.0 | 1.0 | 0.0 |
| Fixed Income | | | | | | 58.8 | 58.8 | 0.0 |
| DM Treasuries IG | | | | | | 32.8 | 32.8 | 0.0 |
| DM Corporate IG | | | | | | 12.5 | 12.5 | 0.0 |
| EM USD Sov. IG | | | | | | 0.8 | 0.8 | 0.0 |
| EM LCY IG | | | | | | 5.1 | 5.1 | 0.0 |
| EM Corporate IG | | | | | | 0.6 | 0.3 | -0.3 |
| Global HY | | | | | | 5.0 | 3.5 | -1.5 |
| FRNs (off BM) | | | | | | 0.0 | 1.8 | 1.8 |
| Cash | | | | | | 2.0 | 2.0 | 0.0 |
| Alternatives | | | | | | 0.0 | 0.0 | 0.0 |

Colour legend

Current Previous

Source: Bloomberg, Bloomberg BGN, Bloomberg Indices, Hedge Fund Research, MSCI, Standard & Poor's, DataStream, LSEG Workspace, and ADCB Asset Management | Notes: *Positioning recommendations: SUW = Significant Underweight; UW = Underweight; N = Neutral; OW = Overweight; SOW = Significant Overweight. **Based on balanced risk profile. SAA = Strategic Asset Allocation; TAA = Tactical Asset Allocation; Active weight = TAA weight – SAA weight. Weights may not sum to 100% due to rounding.

The Weekly Market View

August 05 2024

Forthcoming important economic data/events

United States

| Date & Time (GST) | Indicator | Period | Expected | Prior |
|-------------------|---------------------------------------|---------------|-----------|---------------|
| 08/05/24 17:45 | S&P Global US Services PMI | Jul F | 56 | 56 |
| 08/05/24 18:00 | ISM Services Index | Jul | 51.3 | 48.8 |
| 08/05/24 18:00 | ISM Services Employment | Jul | -- | 46.1 |
| 08/05/24 18:00 | ISM Services New Orders | Jul | -- | 47.3 |
| 08/06/24 16:30 | Trade Balance | Jun | -\$72.6b | -\$75.1b |
| 08/07/24 15:00 | MBA Mortgage Applications | 2-Aug | -- | -3.90% |
| 08/07/24 23:00 | Consumer Credit | Jun | \$10.300b | \$11.354b |
| 08/08/24 16:30 | Initial Jobless Claims | 3-Aug | -- | 249k |
| 08/08/24 16:30 | Continuing Claims | 27-Jul | -- | 1877k |
| 08/08/24 18:00 | Wholesale Inventories MoM | Jun F | 0.20% | 0.20% |

Japan

| Date & Time (GST) | Indicator | Period | Expected | Prior |
|-------------------|--------------------------------------|--------------|----------|-------------|
| 08/05/24 04:30 | Jibun Bank Japan PMI Services | Jul F | -- | 53.9 |
| 08/06/24 03:30 | Labor Cash Earnings YoY | Jun | 2.40% | 1.90% |
| 08/06/24 03:30 | Household Spending YoY | Jun | -0.80% | -1.80% |
| 08/07/24 09:00 | Leading Index CI | Jun P | 108.9 | 111.2 |
| 08/07/24 09:00 | Coincident Index | Jun P | 113.8 | 117.1 |
| 08/08/24 03:50 | BoP Current Account Balance | Jun | ¥1873.7b | ¥2849.9b |
| 08/08/24 03:50 | BoP Current Account Adjusted | Jun | ¥2275.5b | ¥2406.2b |
| 08/08/24 09:00 | Eco Watchers Survey Current SA | Jul | 47.5 | 47 |
| 08/08/24 09:00 | Eco Watchers Survey Outlook SA | Jul | 48.5 | 47.9 |
| 08/09/24 03:50 | Money Stock M2 YoY | Jul | -- | 1.50% |

Eurozone

| Date & Time (GST) | Indicator | Period | Expected | Prior |
|-------------------|--|--------------|----------|---------------|
| 08/05/24 11:50 | France HCOB France Services PMI | Jul F | -- | 50.7 |
| 08/05/24 11:55 | Germany HCOB Services PMI | Jul F | -- | 52 |
| 08/05/24 12:00 | Eurozone HCOB Services PMI | Jul F | -- | 51.9 |
| 08/05/24 13:00 | Eurozone PPI YoY | Jun | -- | -4.20% |
| 08/06/24 10:00 | Germany Factory Orders WDA YoY | Jun | -- | -8.60% |
| 08/06/24 13:00 | Eurozone Retail Sales YoY | Jun | -- | 0.30% |
| 08/08/24 10:00 | Germany Industrial Production WDA YoY | Jun | -- | -6.70% |
| 08/09/24 10:00 | Germany CPI YoY | Jul F | -- | 2.30% |
| 08/09/24 10:00 | Germany CPI EU Harmonized YoY | Jul F | -- | 2.60% |
| 08/11/24-08/16/24 | Germany Wholesale Price Index YoY | Jul | -- | -0.60% |

United Kingdom

| Date & Time (GST) | Indicator | Period | Expected | Prior |
|-------------------|--|--------------|----------|-------------|
| 08/05/24 12:00 | New Car Registrations YoY | Jul | -- | 1.10% |
| 08/05/24 12:30 | Official Reserves Changes | Jul | -- | -\$136m |
| 08/05/24 12:30 | S&P Global UK Services PMI | Jul F | -- | 52.4 |
| 08/08/24 03:01 | S&P Global, KPMG and REC UK Report on Jobs | | | |

The Weekly Market View

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China & India

| Date & Time (GST) | Indicator | Period | Expected | Prior |
|-------------------|-----------------------------------|--------|------------|------------|
| 08/07/24 | China Exports YoY CNY | Jul | -- | 10.70% |
| 08/07/24 | China Imports YoY CNY | Jul | -- | -0.60% |
| 08/07/24 | China Trade Balance CNY | Jul | -- | 703.73b |
| 08/07/24 | China Foreign Reserves | Jul | \$3240.00b | \$3222.36b |
| 08/08/24 08:30 | India RBI Repurchase Rate | 8-Aug | 6.50% | 6.50% |
| 08/08/24 08:30 | India RBI Cash Reserve Ratio | 8-Aug | 4.50% | 4.50% |
| 08/09/24 05:30 | China PPI YoY | Jul | -0.90% | -0.80% |
| 08/09/24 05:30 | China CPI YoY | Jul | 0.40% | 0.20% |
| 08/09/24 | China BoP Current Account Balance | 2Q P | -- | \$39.2b |
| 08/09/24-08/15/24 | China Money Supply M2 YoY | Jul | 6.00% | 6.20% |
| 08/09/24-08/15/24 | China New Yuan Loans CNY YTD | Jul | 13700.0b | 13270.0b |
| 08/09/24-08/15/24 | China Aggregate Financing CNY YTD | Jul | 19089.6b | 18100.0b |

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