

The Weekly Market View

December 09 2024

Global equities reach new highs

US

- ▶ ADP nonfarm employment rose during November by 146k – less than the expected 166k increase and slower than October's downwardly revised 184k. The manufacturing sector showed the weakest employment trend with a negative employment change while hiring in education/health services was the strongest. As per ADP, annual pay was up 4.8% YoY during November.
- ▶ ISM manufacturing PMI for November, albeit remaining below the 50 mark, rose from October and was slightly better than expected. The prices paid index registered a moderate expansion but was much lower compared to the October rate.
- ▶ ISM services PMI for November delivered a broad-based disappointment. The headline printed 52.1 (cons.: 55.5, prev.: 56.0). The employment sub-index came to 51.5, below the expected 53.0. The new orders component at 53.7 was also below the expected value of 56.6. The price index rose more than expected to 58.2 from 58.1, well above the expectation of 56.4.
- ▶ Factory orders rose 0.2% MoM during October below the expected growth of 0.3% MoM and above the upwardly revised -0.2% MoM during September.
- ▶ According to Challenger, Gray & Christmas, US-based employers announced 57,727 job cuts in November, a 3.8% increase from October. Job cuts for November were up 26.8% on a YoY basis. Auto and tech industries are leading in job cuts, and "Market/Economic Conditions" was the most cited reason for layoffs.
- ▶ Initial jobless claims rose 9k during the week ending November 30th to reach 224k vs. the expectation for 215k. The previous week's level was revised up by 2k from 213k.
- ▶ According to the establishment survey, nonfarm payrolls for November came at 227k compared with October's upwardly revised hurricane-impacted 36k, and estimated 220k. Average hourly earnings (AHE) grew 4.0% YoY during November slightly ahead of the expected 3.9% YoY growth but largely unchanged from October. Sequential growth in AHE was marginally higher than expected and rose 0.4% MoM (cons.: 0.3%, prev.: 0.4%) to USD35.61.
- ▶ Household survey showed that unemployment rate ticked higher in November to 4.2% from 4.1% in October. Both the labor force participation rate, at 62.5%, and the employment-population ratio, at 59.8%, edged slightly lower during November.
- ▶ University of Michigan Surveys showed consumer sentiment rising more than forecast while 1Y inflation expectations jumped higher.

Europe and UK

- ▶ French government headed by Prime Minister Barnier was toppled in a no-confidence motion with 331 deputies backing it (above the required threshold of 288 seats). Both the far-right (National Rally) and the left-wing coalition (New Popular Front) participated.
- ▶ Eurozone retail trade volumes declined in October by 0.5% MoM, after having increased by 0.5% MoM in September. The data disappointed consensus expectations due to drops in sales of non-food products and auto fuel.
- ▶ In Germany, industrial output fell by 1.0% MoM during October, falling short of expectations for a 1.2% MoM rise. Factory orders weakened by 1.5% MoM, with demand for machinery and equipment declining the most.
- ▶ According to Halifax, UK house prices rose for the fifth month in a row in November, up by 1.3% MoM marking the biggest increase so far this year, pushing the annual growth rate up to 4.8%, its strongest level.

Asia

- ▶ Reserve Bank of India (RBI) maintained – for the 11th straight time – the repo rate under the liquidity adjustment facility (LAF) at 6.5% but reduced the Cash Reserve Ratio (CRR) by 50bp to 4.0% to improve liquidity (estimated liquidity infusion INR1.16trn).
- ▶ RBI also announced that in order to attract more capital flows, interest rate ceilings on FCNR (B) deposits have been increased. Under this measure, banks are permitted to raise fresh FCNR (B) deposits between 1Y and 3Y maturities at rates not exceeding Alternative Reference Rate (ARR) + 400bp and deposits with maturity between 3Y and 5Y at rates not exceeding ARR + 500bp.
- ▶ In Japan, average nominal wages grew 2.6% YoY in October, in line with consensus and up from a revised 2.5% YoY growth in September. Real wage growth was flat, following a revised 0.4% contraction. Household spending fell 1.3% YoY, shrinking for the third straight month, but was better than the expected 2.6% YoY contraction.
- ▶ As per Caixin, China manufacturing PMI for November came at 51.5 higher than October's 50.3 and the expected 50.5. Services PMI also came stronger at 51.5 for November, slightly below October's reading of 52.0.

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The Weekly Market View

December 09 2024

Rates

- ▶ 10Y UST yield fell to a six-week low after the release of November payrolls data, as investors assigned higher probability to a Fed rate cut at its December meeting. 2Y UST yields fell more causing the yield curves to bull steepen.
- ▶ According to the CME Fed watch tool, market-assigned probability for a 25bp rate reduction from the US Fed at its December 17-18 meeting rose to 86% on Friday from 66% the previous week.
- ▶ Yields on 10Y UK gilts and 10Y German bunds edged higher over the week with 10Y2Y yield curves bear flattening.

FX

- ▶ Broader USD appreciated over the past week after having lost significantly over the previous week.
- ▶ The EUR and the GBP were unchanged against the USD last week.
- ▶ USD ended the week up 0.2% versus the JPY, gaining in three of the last four weeks.
- ▶ Bitcoin prices rose above the USD100k level last week.

Commodities

- ▶ Oil prices fell last week as analysts projected a supply surplus next year on weak demand despite an OPEC+ decision to delay output hikes and extend deep production cuts to the end of 2026. On Thursday, OPEC+ pushed back the start of oil output rises by three months until April and extended the full unwinding of cuts by a year until the end of 2026.
- ▶ Gold prices ended the week lower despite inching up on Friday after markets assigned a higher probability for a Fed interest rate cut in December. However, silver prices rose over the past week.
- ▶ As markets anticipated more China stimulus, industrial metal price action last week was mixed – while copper prices increased during, aluminium prices fell.

Equities

- ▶ Global equities gained for a third straight week with EM outperforming DM this time around.
- ▶ In the US, the Nasdaq and the S&P 500 indices rose for a third straight week to record closing highs. DJIA finished lower, as a drop in UnitedHealth Group shares weighed on the index.
- ▶ According to EPFR, cUSD140bn has poured into US equity funds following Donald Trump's victory in US Presidential elections. Inflows recorded during the month of November were the highest at least since 2000 for US equity funds. On a year-to-date basis, US equity funds attracted inflows of USD350bn in total also putting 2024 on track to be a record-year.
- ▶ Amongst global sectors, only three (Consumer Discretionary, Communication Services, and IT) of the 11 GICS sectors posted gains over the past week.

The Weekly Market View

December 09 2024

Global markets' performance snapshot

Index Snapshot (World Indices)*			
Index	Latest	Weekly %	YTD %
S&P 500	6,090	1.0	27.7
Dow Jones	44,643	-0.6	18.5
Nasdaq	19,860	3.3	32.3
DAX	20,385	3.9	21.7
Nikkei 225	39,091	2.3	16.8
FTSE 100	8,309	0.3	7.4
Sensex	81,709	2.4	13.1
Hang Seng	19,866	2.3	16.5
Regional Markets			
ADX	9,266	0.3	-3.3
DFM	4,820	-0.6	18.7
Tadawul**	11,932	1.6	-0.3
DSM**	10,392	0.0	-4.1
MSM30**	4,572	-0.2	1.3
BHSE**	2,036	0.2	3.3
KWSE**	7,289	0.6	6.9
MSCI			
MSCI World	3,855	1.2	21.6
MSCI EM	1,105	2.5	7.9

Global Commodities, Currencies and Rates*

Commodity	Latest	Weekly %	YTD %
Brent USD/bbl	71.1	-2.5	-7.7
WTI USD/bbl	67.2	-1.2	-6.2
Gold USD/t oz	2,637.1	-0.8	27.7
Silver USD/t oz	31.2	3.6	28.5
Platinum USD/t oz	936.0	-0.4	-7.0
Copper USD/MT	9,011.9	1.4	6.5
Aluminium	2,569.8	-0.3	9.6
Currencies			
EUR USD	1.06	-0.1	-4.2
GBP USD	1.27	0.0	0.1
USD JPY	150.04	0.2	6.4
Rates			
	Latest	Weekly (bp)	YTD (bp)
SOFR	4.59	0.0	-79.0
UAE Eibor 3m	4.35	-16.7	-97.5
UAE Eibor 12m	4.32	-3.5	-82.0
US 3m Bills	4.31	-8.0	-89.0
US 10yr Treasury	4.15	-4.5	28.3
German 10yr Bund	2.12	2.7	8.6
UK 10yr Gilt	4.28	3.1	73.8

Source: Bloomberg, and ADCB Asset Management

Notes: *Data as of December 06 2024 unless stated otherwise; **Data as of December 05 2024.

Tactical Asset Allocation with a 3-month view

Asset Class	Positioning*					Balanced**		
	SUW	UW	N	OW	SOW	SAA	TAA	Active
Equities						41.2	44.0	2.9
North America						25.8	28.0	2.2
Equal-wt. US						0.0	3.0	3.0
Europe						7.0	6.0	-1.0
Japan						2.3	2.3	0.0
APac ex Japan						5.0	4.0	-1.0
EM ex Asia						1.0	0.7	-0.3
Fixed Income						58.8	56.0	-2.9
DM Treasuries IG						32.9	30.0	-2.9
DM Corporate IG						12.5	12.5	0.0
EM USD Sovereigns IG						0.8	0.8	0.0
EM LCY IG						5.1	3.8	-1.3
EM Corporate IG						0.6	0.3	-0.3
Global HY						5.0	5.0	0.0
US FRN (off-BM)						0.0	1.5	1.5
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

December 09 2024

Forthcoming important economic data/events

United States

Date & Time (GST)	Indicator	Period	Expected	Prior
12/09/2024 19:00	Wholesale Inventories MoM	Oct F	--	0.20%
12/09/2024 20:00	NY Fed 1-Yr Inflation Expectations	Nov	--	2.87%
12/10/2024 15:00	NFIB Small Business Optimism	Nov	94.1	93.7
12/11/2024 16:00	MBA Mortgage Applications	6-Dec	--	2.80%
12/11/2024 17:30	CPI MoM	Nov	0.30%	0.20%
12/11/2024 17:30	CPI Ex Food and Energy MoM	Nov	0.30%	0.30%
12/11/2024 17:30	CPI YoY	Nov	2.70%	2.60%
12/11/2024 17:30	CPI Ex Food and Energy YoY	Nov	3.30%	3.30%
12/11/2024 23:00	Federal Budget Balance	Nov	--	-\$257.5b
12/12/2024 17:30	PPI Ex Food and Energy MoM	Nov	0.20%	0.00%
12/12/2024 17:30	PPI Ex Food, Energy, Trade MoM	Nov	--	0.00%
12/12/2024 17:30	PPI Final Demand MoM	Nov	0.30%	0.20%
12/12/2024 17:30	PPI Final Demand YoY	Nov	--	2.40%
12/12/2024 17:30	PPI Ex Food and Energy YoY	Nov	--	3.10%
12/12/2024 17:30	PPI Ex Food, Energy, Trade YoY	Nov	--	3.50%
12/12/2024 17:30	Initial Jobless Claims	7-Dec	--	224k
12/12/2024 17:30	Continuing Claims	30-Nov	--	1871k

Japan

Date & Time (GST)	Indicator	Period	Expected	Prior
12/09/2024 03:50	GDP SA QoQ	3Q F	0.30%	0.20%
12/09/2024 03:50	GDP Annualized SA QoQ	3Q F	1.00%	0.90%
12/09/2024 03:50	GDP Nominal SA QoQ	3Q F	0.60%	0.50%
12/09/2024 03:50	GDP Deflator YoY	3Q F	2.50%	2.50%
12/09/2024 03:50	BoP Current Account Balance	Oct	¥2332.6b	¥1717.1b
12/09/2024 03:50	BoP Current Account Adjusted	Oct	¥2255.1b	¥1271.7b
12/09/2024 03:50	Trade Balance BoP Basis	Oct	-¥295.0b	-¥315.2b
12/10/2024 03:50	Money Stock M2 YoY	Nov	--	1.20%
12/10/2024 03:50	Money Stock M3 YoY	Nov	--	0.70%
12/10/2024 10:00	Machine Tool Orders YoY	Nov P	--	9.40%
12/11/2024 03:50	PPI YoY	Nov	3.40%	3.40%
12/11/2024 03:50	PPI MoM	Nov	0.30%	0.20%
12/13/2024 08:30	Industrial Production MoM	Oct F	--	3.00%
12/13/2024 08:30	Industrial Production YoY	Oct F	--	1.60%

Eurozone

Date & Time (GST)	Indicator	Period	Expected	Prior
12/10/2024 11:00	Germany CPI YoY	Nov F	2.20%	2.20%
12/10/2024 11:00	Germany CPI MoM	Nov F	-0.20%	-0.20%
12/12/2024 17:15	ECB Deposit Facility Rate	12-Dec	3.00%	3.25%
12/12/2024 17:15	ECB Main Refinancing Rate	12-Dec	3.15%	3.40%
12/12/2024 17:15	ECB Marginal Lending Facility	12-Dec	3.40%	3.65%
12/13/2024 11:00	Germany Trade Balance SA	Oct	15.7b	17.0b
12/13/2024 11:00	Germany Exports SA MoM	Oct	-2.60%	-1.70%
12/13/2024 11:00	Germany Imports SA MoM	Oct	-1.00%	2.10%
12/13/2024 11:45	France CPI MoM	Nov F	-0.10%	-0.10%
12/13/2024 11:45	France CPI YoY	Nov F	1.30%	1.30%
12/13/2024 14:00	Eurozone Industrial Production SA MoM	Oct	0.00%	-2.00%
12/13/2024 14:00	Eurozone Industrial Production WDA YoY	Oct	--	-2.80%

The Weekly Market View

December 09 2024

United Kingdom

Date & Time (GST)	Indicator	Period	Expected	Prior
12/09/2024 12/16	Rightmove House Prices MoM	Dec	--	-1.40%
12/09/2024 12/16	Rightmove House Prices YoY	Dec	--	1.20%
12/12/2024 04:01	RICS House Price Balance	Nov	--	16%
12/13/2024 04:01	GfK Consumer Confidence	Dec	--	-18
12/13/2024 11:00	Industrial Production MoM	Oct	--	-0.50%
12/13/2024 11:00	Monthly GDP (3M/3M)	Oct	--	0.20%
12/13/2024 11:00	Monthly GDP (MoM)	Oct	--	-0.10%
12/13/2024 11:00	Industrial Production YoY	Oct	--	-1.80%
12/13/2024 11:00	Manufacturing Production MoM	Oct	--	-1.00%
12/13/2024 11:00	Manufacturing Production YoY	Oct	--	-0.70%
12/13/2024 11:00	Index of Services MoM	Oct	--	0.00%
12/13/2024 11:00	Index of Services 3M/3M	Oct	--	0.10%
12/13/2024 11:00	Construction Output MoM	Oct	--	0.10%
12/13/2024 11:00	Construction Output YoY	Oct	--	-0.40%
12/13/2024 11:00	Visible Trade Balance GBP/Mn	Oct	--	-£16321m
12/13/2024 11:00	Trade Balance GBP/Mn	Oct	--	-£3462m

China & India

Date & Time (GST)	Indicator	Period	Expected	Prior
12/09/2024 12/15	China Money Supply M2 YoY	Nov	7.50%	7.50%
12/09/2024 12/15	China Money Supply M1 YoY	Nov	-5.00%	-6.10%
12/09/2024 12/15	China Money Supply M0 YoY	Nov	--	12.80%
12/10/2024	China Imports YoY	Nov	1.00%	-2.30%
12/10/2024	China Exports YoY	Nov	8.70%	12.70%
12/10/2024	China Trade Balance	Nov	\$92.00b	\$95.72b
12/12/2024 14:30	India CPI YoY	Nov	5.50%	6.21%
12/12/2024 14:30	India Industrial Production YoY	Oct	3.60%	3.10%
12/13/2024 12/16	India Exports YoY	Nov	--	17.20%
12/13/2024 12/16	India Imports YoY	Nov	--	3.90%

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