

Goldilocks continues

US

- ▶ US core PPI rose 0.5% m-o-m in April higher than expectations of 0.2% while PPI final demand rose 2.2% y-o-y, in line with expectations but higher than March's reading of 1.8%.
- ▶ US CPI declined from 3.5% y-o-y in March to 3.4% in April matching expectations. Core CPI rose 3.6% in April same as in March but lower than expectation. On a m-o-m basis, US CPI rose 0.3%, lower than expectation while core CPI rose 0.3% m-o-m, matching expectation.
- ▶ Retail sales growth slowed in April and was weaker than expected. Retail sales declined in motor vehicles, furniture, health & personal care, and sporting goods. Non-store retail sales fell too.
- ▶ US President Biden announced an increase in tariffs under Section 301 of the Trade Act of 1974 on USD18bn of imports from China, targeting key strategic sectors including steel and aluminium, semiconductors, and electric vehicles.

Europe and UK

- ▶ Eurozone preliminary 1Q'24 GDP was unchanged, in line with expectations. 1Q'24 GDP came in at 0.3% m-o-m and 0.4% y-o-y.
- ▶ Germany ZEW survey expectations for May surprised on the upside.
- ▶ UK unemployment rate ticked up to 4.3% in March (in-line with expectations) to its highest level since September 2021. Wages rose more than expected in March— both when including bonus and excluding bonus. While the average weekly earnings growth has moderated in recent months, the current level of 5.7% is well above the 10Y average of 3.6%.

Asia

- ▶ Japan preliminary GDP contracted more than expected in 1Q. Japan GDP fell 0.5% q-o-q, lower than expectations for a 0.3% fall. Annualized 1Q'24 GDP declined 2.0% q-o-q, lower than expectations.
- ▶ China announced measures to stabilise its property sector, allowing local governments to buy "some" apartments, relaxing mortgage rules and pledging further efforts to deliver unfinished homes.
- ▶ China April data signalled uneven recovery. New home prices saw the steepest decline since 2014, inflation data signalled continued deflationary pressures, retail sales and fixed asset investment rose less than expected while industrial production beat estimates.

Rates

- ▶ Yields on 10Y sovereign bonds dropped across major developed markets with the exception of Japan. Apart from the core Eurozone, yields on 2Y bonds declined.
- ▶ Global aggregate bond index posted marginal positive returns, led by Global IG corporate.

FX

- ▶ EUR/USD gained over the week.
- ▶ GBP/USD jumped on strong wage growth data.
- ▶ The yen slightly appreciated as Bank of Japan announced reduction in its long-term JGB purchases.

Commodities

- ▶ Oil prices recorded their first weekly increase in three weeks, boosted by the China stimulus measures and decline in US stockpiles.
- ▶ Gold prices gained for the second week in a row on Fed rate cut prospects and reports of new China stimulus measures. Silver prices jumped to their highest level in 11 years.
- ▶ In industrial metals, copper prices hit a record high on supply deficit concerns and China stimulus news.

Equities

- ▶ Global equities gained for the fourth consecutive week with key equity indexes touching record highs. EM equities outperformed DM equities.
- ▶ Within DM, Europe ex UK outperformed in USD terms while Japan underperformed.
- ▶ Amongst global sectors, IT and communication services outperformed last week while real estate and industrials underperformed.

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The Weekly Market View

May 20 2024

Global markets' performance snapshot

Index Snapshot (World Indices)*			
Index	Latest	Weekly %	YTD %
S&P 500	5,303	1.54	11.18
Dow Jones	40,004	1.24	6.14
Nasdaq	16,686	2.11	11.16
DAX	18,704	-0.36	11.66
Nikkei 225	38,787	1.46	17.58
FTSE 100	8,420	-0.16	8.88
Sensex	73,917	1.72	2.44
Hang Seng	19,554	3.11	15.18
Regional Markets			
ADX	9,042	-0.54	-5.60
DFM	4,068	-2.51	0.21
Tadawul**	12,198	-0.70	1.93
DSM**	9,703	0.72	-10.37
MSM30**	4,792	0.47	5.93
BHSE**	2,009	-1.04	2.24
KWSE**	7,163	1.16	5.29
MSCI			
MSCI World	3,473	1.54	9.57
MSCI EM	1,100	2.63	7.43

Source: Bloomberg, and ADCB Asset Management

Notes: *Data as of May 17 2024 unless stated otherwise; **Data as of May16 2024.

Global Commodities, Currencies and Rates*

Commodity	Latest	Weekly %	YTD %
ICE Brent USD/bbl	84.0	1.44	9.14
Nymex WTI	80.1	2.30	11.63
Gold USD/t oz	2,415.2	2.32	17.94
Silver USD/t oz	31.5	11.74	35.40
Platinum USD/t oz	1,085.4	8.80	10.06
Copper USD/MT	10,398.0	4.59	22.68
Alluminium	2,584.2	4.11	9.90
Currencies			
EUR USD	1.09	0.91	-1.47
GBP USD	1.27	1.41	-0.22
USD JPY	155.65	-0.08	9.45
Rates			
	Latest	Weekly	YTD(bp)
SOFR	5.31	0.00	-7.00
UAE Eibor 3m	5.20	-14.91	-12.86
UAE Eibor 12m	5.53	14.53	38.72
US 3m Bills	5.39	-0.53	5.81
US 10yr Treasury	4.42	-7.65	54.07
German 10yr Bund	2.52	-0.10	49.40
UK 10yr Gilt	4.13	-3.86	59.65

Tactical Asset Allocation with a 3-month view

Asset Class	Positioning					Balanced		
	SUW	UW	N	OW	SOW	SAA	TAA	Active
Equities						41.2	39.0	-2.2
North America						25.8	22.8	-3.0
Equal-wt. US						0.0	2.8	2.8
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	1.0	0.0
Fixed Income						58.8	61.0	2.2
DM Treasuries IG						32.8	35.8	3.0
DM Corporate IG						12.5	12.5	0.0
EM USD Sovereigns 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
Securitized debt (off-BM)						0.0	1.0	1.0
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

May 20 2024

Forthcoming important economic data/events

United States



Date & Time (GST)	Indicator	Period	Expected	Prior
05/21/2024 16:30	Philadelphia Fed Non-Manufacturing Activity	May	--	-12.4
05/22/2024 15:00	MBA Mortgage Applications	17-May	--	0.50%
05/22/2024 18:00	Existing Home Sales	Apr	4.16m	4.19m
05/22/2024 18:00	Existing Home Sales MoM	Apr	-0.70%	-4.30%
05/22/2024 22:00	FOMC Meeting Minutes	1-May	--	--
05/23/2024 16:30	Chicago Fed Nat Activity Index	Apr	--	0.15
05/23/2024 16:30	Initial Jobless Claims	18-May	--	222k
05/23/2024 16:30	Continuing Claims	11-May	--	1794k
05/23/2024 17:45	S&P Global US Manufacturing PMI	May P	50.2	50
05/23/2024 17:45	S&P Global US Services PMI	May P	51.6	51.3
05/23/2024 17:45	S&P Global US Composite PMI	May P	--	51.3
05/23/2024 18:00	New Home Sales	Apr	680k	693k
05/23/2024 18:00	New Home Sales MoM	Apr	-1.90%	8.80%
05/23/2024 19:00	Kansas City Fed Manf. Activity	May	--	-8
05/24/2024 16:30	Durable Goods Orders	Apr P	-0.70%	2.60%
05/24/2024 16:30	Durables Ex Transportation	Apr P	0.20%	0.20%
05/24/2024 16:30	Cap Goods Orders Nondef Ex Air	Apr P	0.10%	0.10%
05/24/2024 16:30	Cap Goods Ship Nondef Ex Air	Apr P	--	0.00%
05/24/2024 18:00	U. of Mich. Sentiment	May F	67.4	67.4
05/24/2024 18:00	U. of Mich. Current Conditions	May F	--	68.8
05/24/2024 18:00	U. of Mich. Expectations	May F	--	66.5
05/24/2024 18:00	U. of Mich. 1 Yr Inflation	May F	--	3.50%
05/24/2024 18:00	U. of Mich. 5-10 Yr Inflation	May F	--	3.10%

Japan



Date & Time (GST)	Indicator	Period	Expected	Prior
05/21/2024 09:00	Tokyo Condominiums for Sale YoY	Apr	--	0.50%
05/22/2024 03:50	Trade Balance	Apr	-¥295.0b	¥366.5b
05/22/2024 03:50	Trade Balance Adjusted	Apr	-¥681.2b	-¥701.5b
05/22/2024 03:50	Exports YoY	Apr	11.00%	7.30%
05/22/2024 03:50	Imports YoY	Apr	8.90%	-4.90%
05/22/2024 03:50	Core Machine Orders MoM	Mar	-2.00%	7.70%
05/22/2024 03:50	Core Machine Orders YoY	Mar	1.50%	-1.80%
05/23/2024 03:50	Japan Buying Foreign Stocks	17-May	--	-¥387.3b
05/23/2024 03:50	Foreign Buying Japan Stocks	17-May	--	¥660.8b
05/23/2024 03:50	Foreign Buying Japan Bonds	17-May	--	¥1698.5b
05/23/2024 03:50	Japan Buying Foreign Bonds	17-May	--	-¥396.6b
05/23/2024 04:30	Jibun Bank Japan PMI Composite	May P	--	52.3
05/23/2024 04:30	Jibun Bank Japan PMI Mfg	May P	--	49.6
05/23/2024 04:30	Jibun Bank Japan PMI Services	May P	--	54.3
05/23/2024 10:00	Machine Tool Orders YoY	Apr F	--	-11.60%
05/24/2024 03:30	Natl CPI YoY	Apr	2.40%	2.70%
05/24/2024 03:30	Natl CPI Ex Fresh Food YoY	Apr	2.20%	2.60%
05/24/2024 03:30	Natl CPI Ex Fresh Food, Energy YoY	Apr	2.50%	2.90%
05/24/2024 09:30	Nationwide Dept Sales YoY	Apr	--	9.90%
05/24/2024 09:30	Tokyo Dept Store Sales YoY	Apr	--	10.90%

The Weekly Market View

May 20 2024

Eurozone



Date & Time (GST)	Indicator	Period	Expected	Prior
05/21/2024 10:00	Germany PPI MoM	Apr	--	0.20%
05/21/2024 10:00	Germany PPI YoY	Apr	--	-2.90%
05/21/2024 13:00	Eurozone Trade Balance SA	Mar	--	17.9b
05/21/2024 13:00	Eurozone Trade Balance NSA	Mar	--	23.6b
05/21/2024 05/28	Germany Wholesale Price Index YoY	Apr	--	-3.00%
05/21/2024 05/28	Germany Wholesale Price Index MoM	Apr	--	0.20%
05/23/2024 11:15	HCOB France Composite PMI	May P	--	50.5
05/23/2024 11:15	HCOB France Manufacturing PMI	May P	--	45.3
05/23/2024 11:15	HCOB France Services PMI	May P	--	51.3
05/23/2024 11:30	HCOB Germany Manufacturing PMI	May P	43.5	42.5
05/23/2024 11:30	HCOB Germany Services PMI	May P	54	53.2
05/23/2024 11:30	HCOB Germany Composite PMI	May P	--	50.6
05/23/2024 12:00	HCOB Eurozone Manufacturing PMI	May P	46.1	45.7
05/23/2024 12:00	HCOB Eurozone Services PMI	May P	53.3	53.3
05/23/2024 12:00	HCOB Eurozone Composite PMI	May P	51.6	51.7
05/23/2024 18:00	Eurozone Consumer Confidence	May P	-14.2	-14.7
05/24/2024 10:00	Germany GDP SA QoQ	1Q F	0.20%	0.20%
05/24/2024 10:00	Germany GDP NSA YoY	1Q F	-0.90%	-0.90%
05/24/2024 10:00	Germany GDP WDA YoY	1Q F	-0.20%	-0.20%
05/24/2024 10:00	Germany Private Consumption QoQ	1Q	--	0.20%
05/24/2024 10:00	Germany Government Spending QoQ	1Q	--	0.30%
05/24/2024 10:00	Germany Capital Investment QoQ	1Q	--	-1.90%
05/24/2024 10:45	France Business Confidence	May	--	99

United Kingdom



Date & Time (GST)	Indicator	Period	Expected	Prior
05/22/2024 10:00	CPI MoM	Apr	0.10%	0.60%
05/22/2024 10:00	CPI YoY	Apr	2.10%	3.20%
05/22/2024 10:00	CPI Core YoY	Apr	3.60%	4.20%
05/22/2024 10:00	CPI Services YoY	Apr	5.40%	6.00%
05/22/2024 10:00	RPI MoM	Apr	0.50%	0.50%
05/22/2024 10:00	RPI YoY	Apr	3.30%	4.30%
05/22/2024 10:00	RPI Ex Mort Int.Payments (YoY)	Apr	--	3.30%
05/23/2024 12:30	S&P Global UK Manufacturing PMI	May P	49.5	49.1
05/23/2024 12:30	S&P Global UK Services PMI	May P	54.9	55
05/23/2024 12:30	S&P Global UK Composite PMI	May P	--	54.1
05/24/2024 03:01	GfK Consumer Confidence	May	-17	-19
05/24/2024 10:00	Retail Sales Inc Auto Fuel YoY	Apr	-0.50%	0.80%
05/24/2024 10:00	Retail Sales Ex Auto Fuel YoY	Apr	-1.10%	0.40%

China & India



Date & Time (GST)	Indicator	Period	Expected	Prior
05/23/2024 09:00	HSBC India PMI Mfg	May P	--	58.8
05/23/2024 09:00	HSBC India PMI Services	May P	--	60.8

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