

The Weekly Market View

November 11 2024

S&P 500 crosses 6,000 for the first time

US

- ▶ Republican candidate and former President Donald Trump won the US presidential election, securing the 270 electoral votes required to return to the White House as the 47th President of the United States. Republicans also won the control of the Senate, and at the time of drafting this report were also leading in the race to take control of the House of Representatives too.
- ▶ In a unanimous decision (amongst all 12 voters), the US Federal Reserve cut its policy rate as widely anticipated by 25bp bringing the target range to 4.50%-4.75%. The Fed chair indicated that the committee feels that the policy is still restrictive even after cutting rates by 75bp over recent months.
- ▶ New orders for US manufactured goods fell for the second straight month in September. US factory orders dropped by 0.5% in September, after a downwardly revised 0.8% decrease in August, according to the Commerce Department's Census Bureau.
- ▶ US ISM Services PMI increased from 54.9 in September to 56.0 in October, exceeding the anticipated 53.3. This marks the highest reading for the index since July 2022, signaling robust growth in the services sector and highlighting the resilience of the US economy amidst global uncertainties.
- ▶ Initial jobless claims in the US increased by 3k to a seasonally adjusted 221k for the week ending November 2, 2024.
- ▶ University of Michigan consumer sentiment rose to a seven-month high in early November, with the expectations component climbing to the highest level in more than three years.

Europe and UK

- ▶ As broadly expected, the Bank of England (BoE) reduced its policy rate by 25bp to 4.75%. Members of the MPC voted by 8 (cut)-1 (hold) – in line with expectations. BoE expects inflation to rise slightly again over the next year, to around 2.75% and to fall back to the 2.00% target after that. According to BoE, if things evolve as expected, it is likely that interest rates will continue to fall gradually.
- ▶ The S&P Global UK Composite PMI dropped from 52.6 in September to 51.8 in October, the slowest growth since November 2023. However, the release was slightly above the preliminary estimate of 51.7.
- ▶ The HCOB Eurozone Manufacturing PMI rose from 45.9 in September to 46.0 in October but remained in contractionary zone. Eurozone Services PMI increased from 51.4 in September to 51.6 in October. The Composite PMI also rose from 49.6 in September to 50.0 in October.
- ▶ Eurozone PPI dropped 0.6% MoM in September, slightly surpassing the expected decline of 0.5% MoM. On an annual basis, PPI fell 3.4% YoY, marginally less than the anticipated 3.5% YoY drop.
- ▶ Retail sales in the Eurozone grew by 0.5% MoM in September, slightly higher than the expected 0.4% MoM increase.
- ▶ Sweden's Riksbank cut its policy rate by 50bp to 2.75% while Norway's Norges bank left its policy rate unchanged.
- ▶ Germany's "traffic light" coalition (Social Democratic Party of Germany (SPD), the Free Democratic Party (FDP) and Alliance 90/The Greens), led by Chancellor Olaf Scholz, collapsed on fiscal disagreements, particularly over adherence to the constitutional debt brake.

Asia

- ▶ The Reserve Bank of Australia kept interest rates on hold at 4.35% for its eight-straight meeting, despite inflation falling to its lowest level in almost four years.
- ▶ China's Caixin services purchasing managers' index grew from 50.3 in September to 52.0 in October, with services activity growing at the fastest pace in three months.
- ▶ RMB10trn (USD1.4trn) in stimulus was announced on November 8 - the last day of the China NPC's standing committee meeting. China plans to raise this amount in bonds over 3Y-5Y period. Further, for the first time since 2015, China raised the local government debt ceiling (to RMB35.5trn this time). This would allow local governments to refinance debt and clean up, albeit only a part of, the hidden debt.
- ▶ China exports grew much faster than expected at 12.7% YoY during October while imports fell short of expectations and contracted 2.3% YoY during October.
- ▶ China's headline CPI inflation rose 0.3% YoY slightly below expectations, while core CPI remained muted at 0.2% YoY. PPI fell 2.9% YoY more than the expected contraction.

Rates

- ▶ Following the Fed's interest rate cut, yields on 10Y and 30Y USTs posted their largest weekly drop in 2 months. 10Y-2Y portion of the UST yield curve hit its flattest level in a month.
- ▶ According to the CME Fed watch tool, markets have reduced the probability of a 25bp rate cut from the Fed at its December meeting to 65% from 83% at the start of the month. Probabilities of rate cuts through 2025 have also fallen over the past week.
- ▶ Except for Japan, most other major developed economies saw their 10Y sovereign yields fall last week. Euro zone bond yields fell on collapse of the German government.

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FX

- ▶ The dollar index jumped to a four-month high of 105.44 on Wednesday before falling back but still registering strong gains for the week. Helping the USD was the Trump win as well as the strong US data with the economic surprise index hitting its highest level since mid-April.
- ▶ Despite positive economic surprises in Eurozone, the EUR came under pressure last week as potential trade war risks loom for open economies like Europe (trade-to-GDP ratio exceeds 50% for Eurozone, compared with 37% in China and 27% in the US).
- ▶ LatAm currencies fell sharply on increased concerns surrounding the outlook for trade, and due to various idiosyncrasies (reigniting inflation, fiscal cuts, and weaker commodity prices).

Commodities

- ▶ Bloomberg commodity aggregate edged higher over the week despite the USD strength.
- ▶ Oil prices rose over the week despite falling on Friday. OPEC+'s decision to delay production increases has helped while China's stimulus underwhelmed.
- ▶ Gold prices logged their steepest weekly decline in over five months. Stronger USD and higher UST yields that prevailed for good part of the last week did not help.

Equities

- ▶ Global equities recorded their best week in three months. Helped by the US stocks, DM equities outperformed EM equities last week.
- ▶ The S&P 500 index zoomed past the 6,000 mark and climbed to an intra-day high of 6,012.45 points before pulling back. Yet US stocks recorded their best week in about a year.
- ▶ Europe's STOXX 600 logged its third consecutive week of declines. Both the underwhelming stimulus measures from China as well as concerns about tariffs under a Trump presidency hurt sentiment.
- ▶ Japan's Nikkei 225 posted its largest weekly gain since September despite downward revisions to corporate profits.

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Global markets' performance snapshot

Index Snapshot (World Indices)*			
Index	Latest	Weekly %	YTD %
S&P 500	5,996	4.7	25.7
Dow Jones	43,989	4.6	16.7
Nasdaq	19,287	5.7	28.5
DAX	19,215	-0.2	14.7
Nikkei 225	39,500	3.8	18.0
FTSE 100	8,072	-1.3	4.4
Sensex	79,486	-0.3	10.0
Hang Seng	20,728	1.1	21.6
Regional Markets			
ADX	9,449	1.1	-1.3
DFM	4,640	0.4	14.3
Tadawul**	12,131	0.7	1.4
DSM**	10,569	0.6	-2.4
MSM30**	4,706	-0.9	4.3
BHSE**	2,031	0.6	3.0
KWSE**	7,184	0.7	5.4
MSCI			
MSCI World	3,791	3.6	19.6
MSCI EM	1,136	1.2	10.9



Global Commodities, Currencies and Rates*

Commodity	Latest	Weekly %	YTD %
Brent USD/bbl	73.9	1.1	-4.1
WTI USD/bbl	70.4	1.3	-1.8
Gold USD/t oz	2,686.3	-2.1	30.1
Silver USD/t oz	31.3	-4.4	28.9
Platinum USD/t oz	987.0	-1.7	-1.9
Copper USD/MT	9,302.4	-1.5	9.9
Aluminium	2,584.0	0.5	10.2
Currencies			
EUR USD	1.07	-1.1	-2.9
GBP USD	1.29	-0.0	1.5
USD JPY	152.64	-0.2	8.2
Rates			
	Latest	Weekly (bp)	YTD (bp)
SOFR	4.82	-4.0	-56.0
UAE Eibor 3m	4.58	-3.4	-74.6
UAE Eibor 12m	4.38	3.8	-75.5
US 3m Bills	4.43	2.0	-77.0
US 10yr Treasury	4.30	-7.5	43.2
German 10yr Bund	2.37	-3.9	33.7
UK 10yr Gilt	4.44	-1.1	89.6

Source: Bloomberg, and ADCB Asset Management
Notes: *Data as of November 08 2024 unless stated otherwise; **Data as of November 07 2024.

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.

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Forthcoming important economic data/events

United States



Date & Time (GST)	Indicator	Period	Expected	Prior
11/12/24 15:00	NFIB Small Business Optimism	Oct	91.8	91.5
11/12/24 20:00	NY Fed 1-Yr Inflation Expectations	Oct	--	3.00%
11/13/24 16:00	MBA Mortgage Applications	8-Nov	--	-10.80%
11/13/24 17:30	Real Avg Hourly Earning YoY	Oct	--	1.50%
11/13/24 17:30	CPI YoY	Oct	2.60%	2.40%
11/13/24 17:30	CPI Ex Food and Energy YoY	Oct	3.30%	3.30%
11/13/24 17:30	CPI Core Index SA	Oct	--	320.767
11/13/24 23:00	Monthly Budget Statement	Oct	--	\$64.3b
11/14/24 17:30	PPI Final Demand YoY	Oct	--	1.80%
11/14/24 17:30	PPI Ex Food, Energy, Trade YoY	Oct	--	3.20%
11/14/24 17:30	Initial Jobless Claims	9-Nov	--	--
11/14/24 17:30	Continuing Claims	2-Nov	--	--
11/15/24 17:30	Empire Manufacturing	Nov	0	-11.9
11/15/24 17:30	Retail Sales Advance MoM	Oct	0.30%	0.40%
11/15/24 18:15	Industrial Production MoM	Oct	-0.30%	-0.30%
11/15/24 18:15	Capacity Utilization	Oct	77.30%	77.50%

Japan



Date & Time (GST)	Indicator	Period	Expected	Prior
11/11/24 03:50	BoP Current Account Balance	Sep	¥3552.3b	¥3803.6b
11/11/24 03:50	BoP Current Account Adjusted	Sep	¥3085.6b	¥3016.5b
11/11/24 09:00	Eco Watchers Survey Current SA	Oct	47	47.8
11/11/24 09:00	Eco Watchers Survey Outlook SA	Oct	49.3	49.7
11/12/24 03:50	Money Stock M2 YoY	Oct	--	1.30%
11/12/24 10:00	Machine Tool Orders YoY	Oct P	--	-6.40%
11/13/24 03:50	PPI YoY	Oct	2.90%	2.80%
11/15/24 03:50	GDP SA QoQ	3Q P	0.10%	0.70%
11/15/24 03:50	GDP Annualized SA QoQ	3Q P	0.60%	2.90%
11/15/24 03:50	GDP Nominal SA QoQ	3Q P	0.90%	1.80%
11/15/24 03:50	GDP Deflator YoY	3Q P	2.80%	3.20%
11/15/24 08:30	Tertiary Industry Index MoM	Sep	0.30%	-1.10%
11/15/24 08:30	Capacity Utilization MoM	Sep	--	-5.30%
11/15/24 08:30	Industrial Production MoM	Sep F	--	1.40%

Eurozone



Date & Time (GST)	Indicator	Period	Expected	Prior
11/11/24-11/16/24	Germany Wholesale Price Index YoY	Oct	--	-1.60%
11/12/24 11:00	Germany CPI YoY	Oct F	--	2.00%
11/12/24 11:00	Germany CPI EU Harmonized YoY	Oct F	--	2.40%
11/12/24 14:00	Germany ZEW Survey Expectations	Nov	--	13.1
11/12/24	Germany Current Account Balance	Sep	--	14.4b
11/13/24 10:30	France ILO Unemployment Rate	3Q	--	7.30%
11/13/24 14:00	Eurozone Industrial Production WDA YoY	Sep	--	0.10%
11/14/24 14:00	Eurozone GDP SA QoQ	3Q P	--	0.40%
11/14/24 14:00	Eurozone GDP SA YoY	3Q P	--	0.90%
11/15/24 11:45	France CPI EU Harmonized YoY	Oct F	--	1.50%
11/15/24 11:45	France CPI YoY	Oct F	--	1.20%

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United Kingdom

Date & Time (GST)	Indicator	Period	Expected	Prior
11/12/24 11:00	Average Weekly Earnings 3M/YoY	Sep	--	3.80%
11/12/24 11:00	ILO Unemployment Rate 3Mths	Sep	--	4.00%
11/12/24 11:00	Jobless Claims Change	Oct	--	27.9k
11/15/24 11:00	Industrial Production MoM	Sep	--	0.50%
11/15/24 11:00	Manufacturing Production MoM	Sep	--	1.10%
11/15/24 11:00	Index of Services 3M/3M	Sep	--	0.10%
11/15/24 11:00	Monthly GDP (MoM)	Sep	--	0.20%
11/15/24 11:00	GDP QoQ	3Q P	--	0.50%
11/15/24 11:00	GDP YoY	3Q P	--	0.70%
11/15/24 11:00	Private Consumption QoQ	3Q P	--	0.20%
11/15/24 11:00	Government Spending QoQ	3Q P	--	1.10%
11/15/24 11:00	Exports QoQ	3Q P	--	-0.30%
11/15/24 11:00	Imports QoQ	3Q P	--	6.30%

China & India

Date & Time (GST)	Indicator	Period	Expected	Prior
11/09/24-11/15/24	China Money Supply M2 YoY	Oct	7.00%	6.80%
11/09/24-11/15/24	China New Yuan Loans CNY YTD	Oct	16720.3b	16020.0b
11/09/24-11/15/24	China Aggregate Financing CNY YTD	Oct	27164.0b	25660.0b
11/12/24 14:30	India CPI YoY	Oct	5.90%	5.49%
11/12/24 14:30	India Industrial Production YoY	Sep	2.60%	-0.10%
11/14/24 10:30	India Wholesale Prices YoY	Oct	2.30%	1.84%
11/14/24-11/18/24	India Imports YoY	Oct	--	1.60%
11/14/24-11/18/24	India Trade Balance	Oct	-\$22000m	-\$20781m
11/14/24-11/18/24	India Exports YoY	Oct	--	0.50%
11/15/24 06:00	China Industrial Production YTD YoY	Oct	5.70%	5.80%
11/15/24 06:00	China Retail Sales YTD YoY	Oct	3.40%	3.30%
11/15/24 06:00	China Fixed Assets Ex Rural YTD YoY	Oct	3.50%	3.40%
11/15/24-11/25/24	China 1-Yr Medium-Term Lending Facility Rate	25-Nov	2.00%	2.00%

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