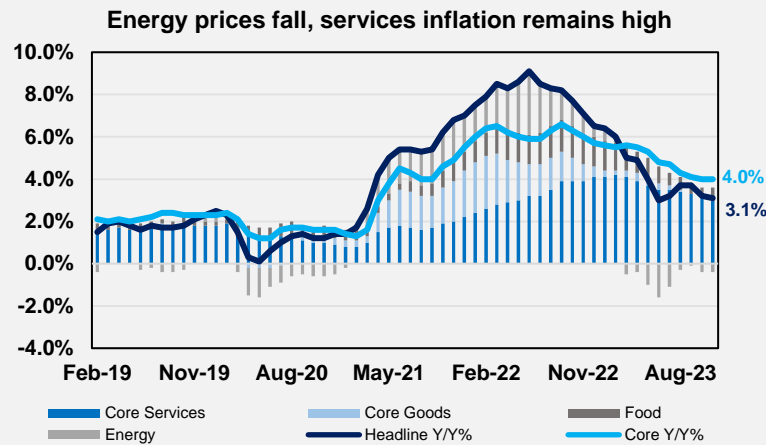


## Santa or Grinch- which one Fed will be?

- ▶ US headline CPI and core CPI rose in November.
- ▶ Equities mixed, long-end yields and commodities declined.
- ▶ All eyes on the final Fed meeting of the year.

### Chart of the Day: What is driving US CPI



Source: Bloomberg, and ADCB Asset Management

### Macroeconomic news

- ▶ In November, US CPI rose unexpectedly 3.1% y-o-y and 0.1% m-o-m in November. due to higher rents, despite a 6% drop in gasoline prices. The inflation was also driven by a cost increase in used cars and trucks, healthcare, and vehicle insurance.
- ▶ China will step up policy adjustments to support an economic recovery in 2024 according to state media, following an agenda-setting meeting of the country's top leaders.

### Rates and Fixed Income

- ▶ Global rates declined led by UK 10yr Gilt.
- ▶ Global fixed income indices rose, led by Global Treasuries.

### Currencies

- ▶ Broad USD Index declined on Tuesday.
- ▶ EUR and JPY strengthened against USD. GBP ended flat versus USD.

### Equities

- ▶ Global equities were mixed on Tuesday. US equities rose while European stocks inched lower. SENSEX underperformed while Hang Seng outperformed.
- ▶ GCC stocks were mixed as ADX and Kuwait outperformed. DSM underperformed the most.

### Commodities

- ▶ BBG commodity index declined almost 1%.
- ▶ Oil prices dropped on Tuesday on concerns of oversupply and after US economic data showed an unexpected rise in CPI.

### Key events in the day ahead

- ▶ FOMC Rate Decision
- ▶ US PPI

### Performance snapshot\*

Rates	Latest	1D (bp)	1M (bp)	3M (bp)
SOFR	5.32	0.00	0.00	2.00
UAE Eibor 3m	5.49	-6.12	6.05	22.05
UAE Eibor 12m	5.58	3.49	-7.80	15.09
US 3m Bills	5.38	-0.04	-3.43	-6.56
US 10yr Treasury	4.20	-3.27	-43.93	-8.74
German 10yr Bund	2.23	-4.40	-48.70	-41.20
UK 10yr Gilt	3.97	-11.10	-34.70	-50.50
Fixed Income		1D (%)	1M (%)	3M (%)
Global Agg. Index	456	0.35	3.93	2.73
Global Treasuries	195	0.43	3.94	2.42
Global Corporate	264	0.34	4.41	3.68
EM USD Sovereign	366	0.15	6.10	4.10
EM LCY Sovereign	142	0.13	2.57	2.70
Global High Yield	1,474	0.21	4.03	3.73
Currencies		1D (%)	1M (%)	3M (%)
Dollar Index	103.87	-0.22	-1.67	-0.67
EUR USD	1.0794	0.27	0.90	0.41
GBP USD	1.2563	0.06	2.31	0.43
USD JPY	145.45	-0.49	-4.13	-0.78
Equities		1D (%)	1M (%)	3M (%)
S&P 500	4,644	0.46	5.26	3.48
Dow Jones	36,578	0.48	6.52	5.52
NASDAQ	14,533	0.70	5.56	4.42
STOXX 600	473	-0.21	5.84	3.62
DAX	16,792	-0.02	9.43	6.27
Nikkei 225	32,844	0.16	0.79	1.16
FTSE 100	7,543	-0.03	1.57	0.61
SENSEX	69,551	-0.54	7.11	3.61
Hang Seng	16,375	1.07	-6.04	-9.52
MSCI World	3,067	0.36	5.60	3.30
MSCI EM	977	0.34	2.55	-0.09
Regional Equities		1D (%)	1M (%)	3M (%)
ADX	9,449	0.40	-0.92	-2.71
DFM	3,937	0.07	-1.15	-3.26
Tadawul	11,395	0.12	5.61	1.42
DSM	9,727	-0.10	-3.07	-6.51
MSM30	4,585	-0.06	0.45	-2.40
BHSE	1,940	-0.03	0.29	0.04
KWSE	6,771	0.90	3.21	-3.49
Commodities		1D (%)	1M (%)	3M (%)
BBG Commodity Index	96.4	-0.96	-6.56	-9.67
Brent USD/bbl	73.2	-3.67	-11.25	-19.20
Gold USD/t oz	1,979.5	-0.12	1.68	2.98
Copper USD/MT	8,272.0	-0.04	3.21	-0.73
Volatility		1D (%)	1M (%)	3M (%)
VIX	12.07	-4.43	-18.22	-12.54
MOVE	118.62	-6.35	-4.70	10.62

Source: Bloomberg, and ADCB Asset Management

Notes: \*Data as at 8AM GST on December 13, 2023 unless stated otherwise. Performance in local currency terms.

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