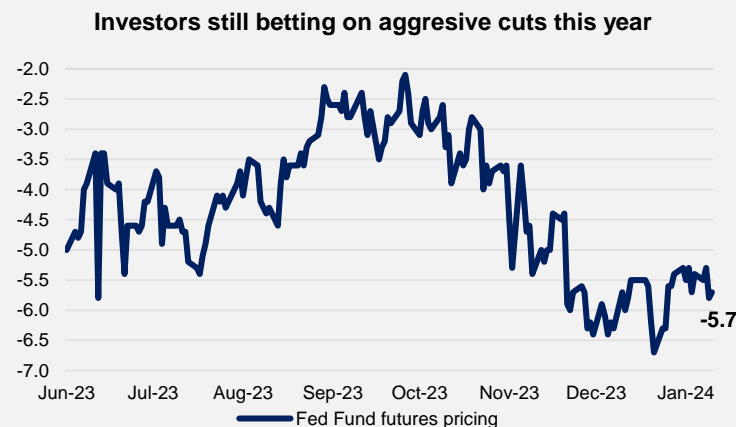


## Fed downplays rate cuts, disappoints markets

- ▶ Fed signalled no rate cuts likely in March.
- ▶ Global rates and equities decline.
- ▶ All eyes on the Bank of England meeting.

Chart of the Day: Steep Cuts Coming in 2024?



Source: Bloomberg, and ADCB Asset Management

### Macroeconomic news

- ▶ The Federal Reserve maintained its benchmark interest rates at 5.25%-5.50% for the fourth consecutive time, signalling no future rate hikes but pushed back against cutting rates anytime soon.
- ▶ Germany's CPI came in at 2.9%, compared with the same month a year earlier. This is the lowest point this figure has reached since June 2021.
- ▶ ADP reported that companies added smaller-than expected 107,000 workers in the first month of 2024, off from the downwardly revised 158,000 in December.

### Rates and Fixed Income

- ▶ Global rates mostly declined led by US 10yr Treasury.
- ▶ Global fixed income indices rose with Global Treasuries outperforming the most.

### Currencies

- ▶ Broad USD declined on Wednesday.
- ▶ JPY strengthened against the USD. GBP and EUR weakened against the USD.

### Equities

- ▶ Global equities mostly declined on Wednesday. US Stocks underperformed the most.
- ▶ GCC equities declined mostly with the exception of DFM which slightly rose.

### Commodities

- ▶ BBG commodity index fell.
- ▶ Oil prices fell -1.40%. Gold and Copper prices rose.

### Key events in the day ahead

- ▶ Bank of England MPC meeting
- ▶ US ISM manufacturing
- ▶ Germany and France CPI

### Performance snapshot\*

Rates	Latest	1D (bp)	1M (bp)	3M (bp)
SOFR	5.31	0.00	-9.00	-4.00
UAE Eibor 3m	5.24	-3.73	-19.65	-20.98
UAE Eibor 12m	5.04	-2.51	-7.98	-55.94
US 3m Bills	5.36	0.71	-0.31	-10.26
US 10yr Treasury	3.91	-11.95	-1.70	-101.83
German 10yr Bund	2.17	-10.20	9.80	-64.00
UK 10yr Gilt	3.79	-10.70	15.60	-71.80
Fixed Income		1D (%)	1M (%)	3M (%)
Global Agg. Index	465	0.64	-0.60	7.90
Global Treasuries	199	0.76	-1.06	7.41
Global Corporate	271	0.51	0.20	9.58
EM USD Sovereign	374	0.33	-0.68	10.56
EM LCY Sovereign	145	0.27	-0.26	6.55
Global High Yield	1,519	0.03	0.32	9.39
Currencies				
Dollar Index	103.27	-0.12	1.05	-3.18
EUR USD	1.0818	-0.25	-1.13	2.30
GBP USD	1.2688	-0.09	0.56	4.40
USD JPY	146.92	-0.47	3.47	-3.14
Equities				
S&P 500	4,846	-1.61	2.17	15.54
Dow Jones	38,150	-0.82	1.15	15.42
NASDAQ	15,164	-2.23	2.70	18.00
STOXX 600	486	0.01	1.50	11.99
DAX	16,904	-0.40	0.80	14.13
Nikkei 225	36,287	0.61	8.43	17.59
FTSE 100	7,631	-0.47	-1.18	4.22
SENSEX	71,752	0.86	-0.20	12.33
Hang Seng	15,485	-1.39	-7.76	-9.51
MSCI World	3,205	-0.97	1.90	15.77
MSCI EM	976	-0.49	-3.99	6.62
Regional Equities				
ADX	9,508	-0.11	-0.83	1.76
DFM	4,169	0.02	1.91	7.53
Tadawul	11,797	-1.58	-2.69	10.35
DSM	10,089	-0.20	-5.78	5.94
MSM30	4,562	-0.55	-0.60	0.36
BHSE	2,067	-0.14	5.64	7.15
KWSE	7,268	-0.82	5.15	11.28
Commodities				
BBG Commodity Index	98.6	-0.30	0.47	-5.79
Brent USD/bbl	81.7	-1.40	7.67	-6.52
Gold USD/t oz	2,039.5	0.12	-0.94	2.80
Copper USD/MT	8,513.0	0.60	0.98	5.91
Volatility				
VIX	14.35	7.81	8.71	-20.89
MOVE	107.28	2.90	-15.54	-15.43

Source: Bloomberg, and ADCB Asset Management

Notes: \*Data as at 10AM UAE time – February 01 2024. Performance in local currency terms.

## Prepared by the Investment Strategy Team

### Ahmed Al Falahi

Analyst

Tel: +971 (0)2 497 3934

[ahmed.a5@adcb.com](mailto:ahmed.a5@adcb.com)

### Kishore Muktinutalapati

Head - Investment Strategy

Tel: +971 (0)2 696 2358

[kishore.muktinutalapati@adcb.com](mailto:kishore.muktinutalapati@adcb.com)

### Mohammed Al Hemeiri

Senior Analyst

Tel: +971 (0)2 696 2236

[mohammed.alhemeiri@adcb.com](mailto:mohammed.alhemeiri@adcb.com)

### Nura Al Suwaidi

Analyst

Tel: +971 (0)2 497 9520

[nura.alsuwaidi@adcb.com](mailto:nura.alsuwaidi@adcb.com)

### Prerana Seth, CFA

Fixed Income Strategist

Tel: +971 (0)2 696 2878

[prerana.seth@adcb.com](mailto:prerana.seth@adcb.com)

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