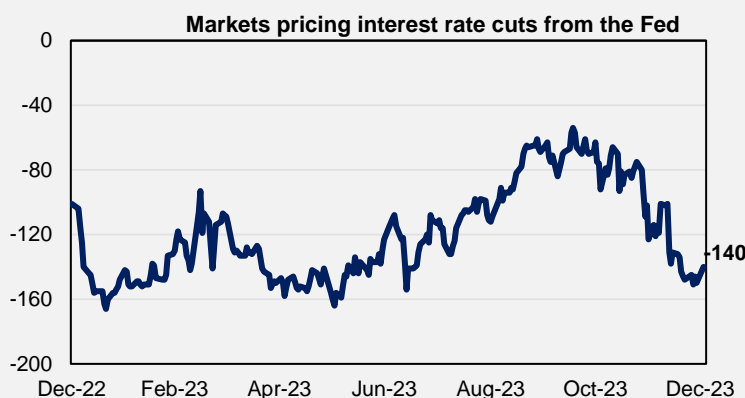


Markets now focus on Fed minutes

- ▶ Eurozone Manufacturing PMI remained in negative zone in December.
- ▶ Global rates rose and global fixed income declined on Tuesday.
- ▶ Commodities and equities posted losses on Tuesday.

Chart of the Day: 2024 Fed Rate Outlook



Source: Bloomberg, and ADCB Asset Management

Macroeconomic news

- ▶ Eurozone Manufacturing PMI rose to 44.4 in December from 44.2 in November according to a report released by S&P Global on Tuesday. The index has remained below the neutral 50.0 mark indicating contraction.
- ▶ US Construction spending rose less than expected in November rising 0.4% versus expectations of 0.6% amid a decline in outlays on public projects.
- ▶ US Manufacturing PMI fell to 47.9 points in December down from 49.4 and a preliminary reading of 48.2 indicating that manufacturing conditions had deteriorated further last month.

Rates and Fixed Income

- ▶ Global rates mostly rose on Tuesday, led by UK 10yr Gilt.
- ▶ Global fixed income declined, led by EM LCY Sovereign.

Currencies

- ▶ Broad USD Index strengthened on Tuesday.
- ▶ EUR, GBP and JPY weakened against the USD.

Equities

- ▶ Global equities mostly declined on Tuesday with DAX outperforming and NASDAQ underperforming. The latter had its worst day since October.
- ▶ Regional equities rose on Tuesday, with KWSE outperforming the most and DSM underperforming the most.

Commodities

- ▶ Commodities prices fell on strengthening USD and risk-off.
- ▶ Gold prices fell on rising rates despite the risk-off.

Key events in the day ahead

- ▶ US MBA Mortgage Applications
- ▶ FOMC Meeting Minutes

Performance snapshot*

Rates	Latest	1D (bp)	1M (bp)	3M (bp)
SOFR	5.38	0.00	1.00	6.00
UAE Eibor 3m	5.43	10.65	-0.68	25.51
UAE Eibor 12m	5.12	-1.57	-49.48	-22.07
US 3m Bills	5.36	3.05	-0.86	-9.27
US 10yr Treasury	3.93	5.03	-32.35	-74.91
German 10yr Bund	2.07	4.40	-28.60	-85.40
UK 10yr Gilt	3.64	10.10	-55.60	-92.60
Fixed Income		1D (%)	1M (%)	3M (%)
Global Agg. Index	468	-0.78	3.04	8.10
Global Treasuries	201	-0.81	3.21	8.06
Global Corporate	270	-0.78	3.06	8.88
EM USD Sovereign	377	-0.62	3.76	10.31
EM LCY Sovereign	145	-0.86	1.87	6.44
Global High Yield	1,514	-0.51	3.21	8.66
Currencies				
Dollar Index	102.20	0.86	-1.46	-4.40
EUR USD	1.0942	-0.93	0.98	4.44
GBP USD	1.2617	-0.86	-0.13	4.38
USD JPY	141.99	0.78	-3.55	-5.25
Equities				
S&P 500	4,743	-0.57	3.79	10.60
Dow Jones	37,715	0.07	4.17	12.81
NASDAQ	14,766	-1.63	4.09	10.96
STOXX 600	479	-0.10	2.73	7.39
DAX	16,769	0.11	2.22	9.98
Nikkei 225	33,464	0.00	0.70	5.37
FTSE 100	7,722	-0.15	2.78	2.81
SENSEX	71,892	-0.53	4.40	9.21
Hang Seng	16,789	-1.52	0.86	-5.73
MSCI World	3,145	-0.75	3.93	10.80
MSCI EM	1,016	-0.81	3.69	6.82
Regional Equities				
ADX	9,588	0.11	0.51	-2.04
DFM	4,091	0.77	2.59	-2.20
Tadawul	12,123	0.71	8.33	10.15
DSM	10,708	-1.13	7.52	4.40
MSM30	4,589	0.20	-1.68	-3.09
BHSE	1,957	-0.74	0.35	1.21
KWSE	6,912	1.39	4.15	0.84
Commodities				
BBG Commodity Index	98.1	-0.56	-1.89	-5.45
Brent USD/bbl	75.9	-1.49	-2.74	-16.34
Gold USD/t oz	2,059.0	-0.19	1.46	12.63
Copper USD/MT	8,430.0	-0.54	0.15	4.07
Volatility				
VIX	13.20	6.02	0.92	-25.04
MOVE	127.02	10.82	7.42	-0.45

Source: Bloomberg, and ADCB Asset Management

Notes: *Data as at 10AM UAE time on Monday, January 03 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

Kishore Muktinutalapati

Head - Investment Strategy

Tel: +971 (0)2 696 2358

kishore.muktinutalapati@adcb.com

Mohammed Al Hemeiri

Senior Analyst

Tel: +971 (0)2 696 2236

mohammed.alhemeiri@adcb.com

Nura Al Suwaidi

Analyst

Tel: +971 (0)2 497 9520

nura.alsuwaidi@adcb.com

Prerana Seth, CFA

Fixed Income Strategist

Tel: +971 (0)2 696 2878

prerana.seth@adcb.com

Visit [Investment Strategy Webpage](#) to read our other reports

Disclaimer

ADCB Asset Management Limited ("AAML"), is a member of ADCB Group, licensed by Financial Services Regulatory Authority in Abu Dhabi Global Markets under financial services permission number 170036.

This publication is intended for general information purposes only. It should not be construed as an offer, recommendation or solicitation to purchase or dispose of any securities or to enter in any transaction or adopt any hedging, trading or investment strategy. Neither this publication nor anything contained herein shall form the basis of any contract or commitment whatsoever. Distribution of this publication does not oblige ADCB Group to enter into any transaction.

The content of this publication should not be considered as legal, regulatory, credit, tax or accounting advice. Anyone proposing to rely on or use the information contained in the publication should independently verify and check the accuracy, completeness, reliability and suitability of the information and should obtain independent and specific advice from appropriate professionals or experts regarding information contained in this publication. Investment products are not available to US persons.

Information and opinions contained herein is are based on various sources, including but not limited to public information, annual reports and statistical data that AAML considers accurate and reliable. However, AAML makes no representation or warranty as to the accuracy or completeness of any statement made in or in connection with this publication and accepts no responsibility whatsoever for any loss or damage caused by any act or omission taken as a result of the information contained in this publication. This publication is intended for customers who are either retail or professional investors.

Charts, graphs and related data or information provided in this publication are intended to serve for illustrative purposes only. The information contained in this publication is prepared as of a particular date and time and will not reflect subsequent changes in the market or changes in any other factors relevant to their determination. All statements as to future matters are not guaranteed to be accurate. AAML expressly disclaims any obligation to update or revise any forward looking statement to reflect new information, events or circumstances after the date of this publication or to reflect the occurrence of unanticipated events.

ADCB Group does and may at any time solicit or provide commercial banking, investment banking, credit, advisory or other services to the companies covered in its publications. As a result, recipients of this publication should be aware that any or all of foregoing services may at time give rise to a conflict of interest that could affect the objectivity of this publication. Opinions expressed herein may differ from opinions expressed by other businesses or affiliates of ADCB Group.

Past performance does not guarantee future results. Investment products are not bank deposits and are not guaranteed by ADCB Group. They are subject to investment risk, including possible of loss of principal amount invested. This publication may not be reproduced or circulated without ADCB Group written authority. The manner of circulation and distribution may be restricted by law or regulation in certain jurisdictions. Persons who come into possession of this document are required to inform themselves of, and to observe such restrictions. Any unauthorized use, duplication, or disclosure of this document is prohibited by law and may result in prosecution.