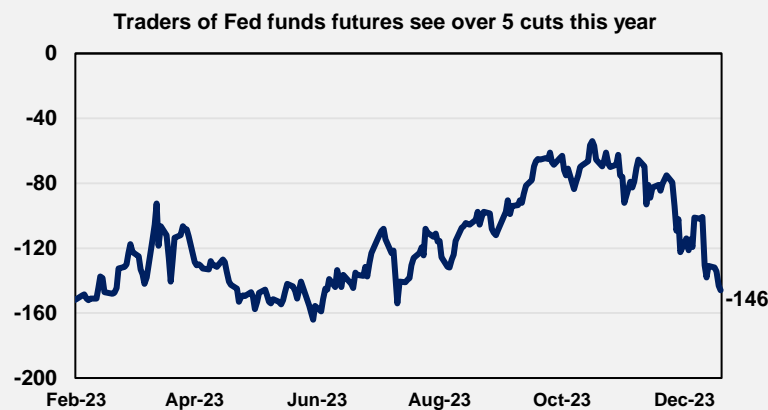


## Markets retreat after hawkish Fed minutes

- ▶ Fed minutes suggest rates could remain high for some time
- ▶ JOLTS reports shows US job openings fell in November
- ▶ Global fixed income and global equities rally on Wednesday

Chart of the Day: Big Cuts Priced For 2024



Source: Bloomberg, and ADCB Asset Management

### Macroeconomic news

- ▶ Fed's December meeting minutes suggested that rates could remain at restrictive levels "for some time" but also signalled that rate cuts could emerge before the year-end.
- ▶ US Labor Department's latest Job Openings and Labor Turnover Survey (JOLTS) report showed that job openings fell to nearly a three-year low in November, down 62,000 to 8.790 million.
- ▶ Institute for Supply Management (ISM) manufacturing PMI increased to 47.4 in December after being unchanged at 46.7 for two straight months.
- ▶ China's services sector saw its fastest growth in months in December, with Caixin/ S&P Global PMI rising to 52.9, driven by new business and increased foreign demand.

### Rates and Fixed Income

- ▶ Global rates mostly declined on Wednesday, barring UK Gilt yields.
- ▶ Global fixed income indexes declined, led by EM USD Sovereign.

### Currencies

- ▶ Broad USD Index strengthened on Wednesday.
- ▶ EUR and JPY weakened while GBP strengthened against USD.

### Equities

- ▶ Global equities retreated on Wednesday, DAX underperformed.
- ▶ Regional equities came in mixed on Wednesday, with ADX outperforming the most and DSM underperforming the most.

### Commodities

- ▶ Commodities index posted gains on Wednesday, led by oil prices.
- ▶ Gold and Copper prices fell.

### Key events in the day ahead

- ▶ US Initial Jobless Claims
- ▶ Eurozone S&P Global Eurozone Services PMI

### Performance snapshot\*

Rates	Latest	1D (bp)	1M (bp)	3M (bp)
SOFR	5.40	0.00	7.00	7.00
UAE Eibor 3m	5.42	-1.37	-1.72	1.09
UAE Eibor 12m	5.08	-3.80	-47.60	-49.08
US 3m Bills	5.39	2.56	3.31	-8.96
US 10yr Treasury	3.92	-1.32	-24.87	-87.93
German 10yr Bund	2.02	-4.40	-22.30	-94.40
UK 10yr Gilt	3.64	0.10	-38.60	-95.80
Fixed Income		1D (%)	1M (%)	3M (%)
Global Agg. Index	467	-0.25	2.34	8.39
Global Treasuries	200	-0.34	2.41	8.09
Global Corporate	270	-0.20	2.32	9.45
EM USD Sovereign	374	-0.79	2.33	10.63
EM LCY Sovereign	145	-0.34	1.65	6.39
Global High Yield	1,506	-0.55	2.39	8.94
Currencies				
Dollar Index	102.49	0.29	-1.50	-4.21
EUR USD	1.0922	-0.18	1.16	4.35
GBP USD	1.2665	0.38	0.56	4.87
USD JPY	143.29	0.92	-2.62	-3.85
Equities				
S&P 500	4,705	-0.80	3.01	11.24
Dow Jones	37,430	-0.76	3.61	13.42
NASDAQ	14,592	-1.18	2.55	11.74
STOXX 600	474	-0.86	1.45	7.65
DAX	16,538	-1.38	0.03	9.63
Nikkei 225	33,464	0.00	2.10	7.13
FTSE 100	7,682	-0.51	2.57	2.84
SENSEX	71,357	-0.75	2.97	8.92
Hang Seng	16,646	-0.85	1.95	-3.95
MSCI World	3,116	-0.95	3.06	11.29
MSCI EM	1,003	-1.30	3.20	6.81
Regional Equities				
ADX	9,716	1.33	2.05	-1.26
DFM	4,078	-0.33	2.50	-2.96
Tadawul	11,929	-1.60	7.04	8.92
DSM	10,386	-3.02	4.43	1.09
MSM30	4,580	-0.21	-0.44	-3.38
BHSE	1,964	0.34	1.10	1.47
KWSE	6,951	0.56	4.71	1.34
Commodities				
BBG Commodity Index	98.3	0.23	-1.25	-4.97
Brent USD/bbl	78.3	3.11	1.36	-13.94
Gold USD/t oz	2,041.5	-0.85	1.10	11.98
Copper USD/MT	8,381.0	-0.58	1.48	5.29
Volatility				
VIX	14.04	6.36	9.26	-29.02
MOVE	124.57	-1.93	-2.07	-12.07

Source: Bloomberg, and ADCB Asset Management

Notes: \*Data as at 10AM UAE time on Monday, January 04 2024. Performance in local currency terms.

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