

Daily Market View

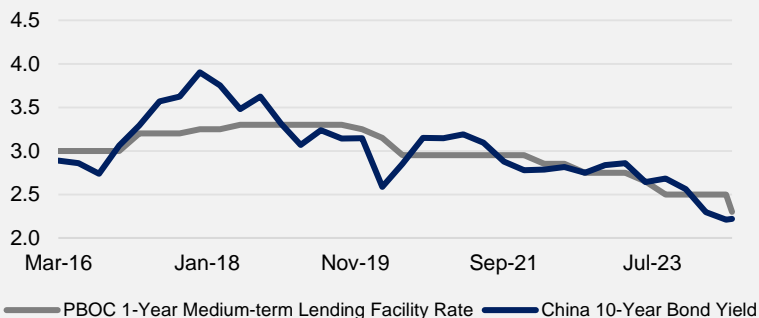
July 25, 2024

Risk sentiment turns sour on AI reality check

- ▶ The PBOC surprised with a cut of another key rate.
- ▶ US activity in July improved while it slumped in Eurozone.
- ▶ Markets will be focused on the advance US 2Q GDP estimate.

Chart of the day: Lower rates for longer in China

PBOC takes MLF rate closer to 10Y yield



Source: Bloomberg

Macroeconomic news

- ▶ US flash composite PMI jumped in July to the highest in two years. US manufacturing PMI slumped to the contractionary territory while the services PMI further improved to 56.
- ▶ Eurozone flash composite PMI stalled in July to 50.1 with the manufacturing activity slump deepening while service sector growth slowed. UK flash composite PMI jumped to a two-month high.
- ▶ The PBOC unexpectedly reduced the rate of the medium-term lending facility by 20bp to 2.3%, the first reduction in almost one year.
- ▶ The Bank of Canada cut its key policy rate by 25bp for the second month in a row and hinted at more cuts.

Rates and Fixed Income

- ▶ Global rates edged higher, led by the 10Y UST yields.
- ▶ Fixed income indices mostly declined barring the Global Aggregate bond index and the Global Treasuries index.

Currencies

- ▶ Broader USD index marginally contracted on Wednesday.
- ▶ The GBP and the JPY strengthened against the USD. The EUR ended flat.

Equities

- ▶ Global equities fell with the sell-off in US tech stocks resulting in the worst day for the S&P 500 since December 2022. NASDAQ was the worst performer.
- ▶ GCC stocks mostly rose on Wednesday with the exception of Tadawul, DSM and BHSE which recorded marginal declines.

Commodities

- ▶ Broader commodity index fell on Wednesday.
- ▶ Oil and gold rose while copper declined.

Key events in the day ahead

- ▶ German IFO business climate
- ▶ US GDP
- ▶ US initial jobless claims.

Performance snapshot*

Rates	Latest	1D (bp)	1M (bp)	3M (bp)
SOFR	5.34	0.00	1.00	3.00
UAE Eibor 3m	5.27	7.74	4.28	16.93
UAE Eibor 12m	5.00	-0.42	-43.75	-42.87
US 3m Bills	5.31	1.22	-3.20	-4.14
US 10yr Treasury	4.28	3.32	3.62	-31.66
German 10yr Bund	2.44	0.50	3.30	-5.80
UK 10yr Gilt	4.16	3.20	7.70	-8.50
Fixed Income		1D (%)	1M (%)	3M (%)
Global Agg. Index	464	0.06	1.05	2.56
Global Treasuries	196	0.22	1.34	2.12
Global Corporate	274	-0.18	0.79	3.22
EM USD Sovereign	390	-0.27	0.45	2.81
EM LCY Sovereign	146	-0.06	0.89	1.66
Global High Yield	1,595	-0.09	1.45	3.42
Currencies		1D (%)	1M (%)	3M (%)
Dollar Index	104.39	-0.06	-1.15	-1.22
EUR USD	1.0851	-0.02	1.36	1.41
GBP USD	1.2926	0.12	1.95	3.87
USD JPY	153.47	-1.49	-3.93	-0.88
Equities		1D (%)	1M (%)	3M (%)
S&P 500	5,427	-2.31	-0.77	7.03
Dow Jones	39,854	-1.25	1.90	3.51
NASDAQ	17,342	-3.64	-2.12	10.48
STOXX 600	512	-0.61	-1.04	0.89
DAX	18,387	-0.92	1.15	1.38
Nikkei 225	39,155	-1.11	-0.05	4.27
FTSE 100	8,154	-0.17	-1.14	1.35
SENSEX	80,149	-0.35	2.68	8.69
Hang Seng	17,311	-0.91	-4.22	2.86
MSCI World	3,516	-1.81	-0.14	5.82
MSCI EM	1,082	-0.42	-0.27	6.19
Regional Equities		1D (%)	1M (%)	3M (%)
ADX	9,263	0.32	2.91	2.34
DFM	4,229	0.30	5.75	1.50
Tadawul*	12,101	-0.04	3.16	-3.07
DSM*	10,137	-0.03	3.15	4.39
MSM30*	4,654	0.13	1.22	-0.89
BHSE*	1,978	-0.07	-2.83	-1.92
KWSE*	7,155	0.32	2.53	1.13
Commodities		1D (%)	1M (%)	3M (%)
BBG Commodity Index	97.3	-0.20	-4.06	-5.49
Brent USD/bbl	81.7	0.86	-3.88	-7.59
Gold USD/t oz	2,419.1	0.57	4.37	3.81
Copper USD/MT	9,018.5	-0.38	-4.99	-6.05
Volatility		1D (%)	1M (%)	3M (%)
VIX	18.04	22.55	40.50	14.98
MOVE	94.81	-0.24	-2.23	-11.27

Source: Bloomberg, and ADCB Asset Management

Notes: Data as at 8AM UAE time – July 25th, 2024. Performance in local currency terms.

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