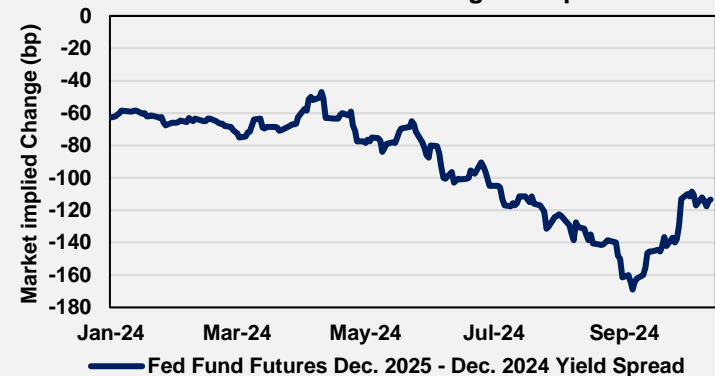


Markets pared rate cut bets on upbeat US data

- ▶ ECB cut interest rates by 25bp in their October meeting.
- ▶ Eurozone September CPI fell to 1.7% YoY.
- ▶ US retail sales grew faster than expected in September.

Chart of the day: Fed cut pricing pulls back.

Markets now see the Fed easing c100bp in 2025



Source: Bloomberg

Macroeconomic news

- ▶ The European Central Bank lowered the three key interest rates by 25bp in their October meeting as expected, acknowledging that the disinflation process is on track.
- ▶ Eurozone CPI fell in September to 1.7% YoY, lower than preliminary estimate of 1.8% YoY. Core CPI came in at 2.7% YoY, confirming the preliminary estimate.
- ▶ US retail sales rose 0.4% MoM in September, faster than expected 0.3% MoM growth and August's growth of 0.1% MoM.

Rates and Fixed Income

- ▶ Global rates rose led by 10Y UST yields as strong retail sales data pared prospects of Fed rate cuts.
- ▶ Fixed income indices declined across the board.

Currencies

- ▶ Broader USD index rose on upbeat US retail sales.
- ▶ The EUR weakened against the USD as the ECB reduced rates. The GBP strengthened against the USD. USDJPY rose.

Equities

- ▶ Global equities posted marginal gains on Thursday. US equity rally fizzled out after the S&P 500 touched new record highs. European stocks outperformed, helped by dovish ECB bias while Japanese stocks underperformed.
- ▶ All GCC stocks fell with Tadawul underperforming the most.

Commodities

- ▶ BBG commodity index marginally rose on Thursday.
- ▶ Gold advanced despite USD strength on safe-haven demand. Oil prices rose on reports of drop in US crude stockpiles. Copper declined over 1%.

Key events in the day ahead

- ▶ US housing starts
- ▶ Fed's Christopher Waller, Neel Kashkari speak

Performance snapshot*

Rates	Latest	1D (bp)	1M (bp)	3M (bp)
SOFR	4.86	0.00	-47.00	-49.00
UAE Eibor 3m	4.55	-6.01	-34.05	-66.67
UAE Eibor 12m	4.24	5.39	15.04	-87.29
US 3m Bills	4.64	1.75	-11.22	-69.69
US 10yr Treasury	4.09	7.84	38.68	-6.70
German 10yr Bund	2.21	2.40	1.80	-21.30
UK 10yr Gilt	4.09	2.50	24.20	1.30
Fixed Income		1D (%)	1M (%)	3M (%)
Global Agg. Index	477	-0.40	-2.23	2.28
Global Treasuries	202	-0.39	-2.77	2.41
Global Corporate	282	-0.43	-1.36	2.35
EM USD Sovereign	409	-0.41	-0.64	4.35
EM LCY Sovereign	151	-0.14	-1.73	3.25
Global High Yield	1,661	-0.17	0.24	4.04
Currencies				
Dollar Index	103.83	0.23	3.21	0.07
EUR USD	1.0831	-0.29	-2.59	-0.99
GBP USD	1.3011	0.16	-1.54	0.02
USD JPY	150.21	0.38	5.57	-3.83
Equities				
S&P 500	5,841	-0.02	3.97	4.53
Dow Jones	43,239	0.37	4.18	4.95
NASDAQ	18,374	0.04	4.55	2.09
STOXX 600	524	0.83	1.81	1.76
DAX	19,583	0.77	4.66	6.22
Nikkei 225	38,911	-0.69	6.96	-5.32
FTSE 100	8,385	0.67	1.59	2.41
SENSEX	81,007	-0.61	-2.34	0.36
Hang Seng	20,079	-1.02	13.70	13.19
MSCI World	3,738	0.07	2.98	3.61
MSCI EM	1,135	-0.78	4.36	2.13
Regional Equities				
ADX	9,277	-0.31	-1.54	1.19
DFM	4,459	-0.59	1.56	7.91
Tadawul	11,907	-1.09	-0.11	-2.06
DSM	10,733	-0.02	3.14	5.73
MSM30	4,800	-0.27	1.70	2.29
BHSE	2,000	-0.05	-1.50	0.71
KWSE	7,080	-0.33	-0.75	-0.52
Commodities				
BBG Commodity Index	98.3	0.06	1.24	-0.89
Brent USD/bbl	74.5	0.31	1.09	-12.49
Gold USD/t oz	2,692.7	0.71	5.23	9.51
Copper USD/MT	9,380.0	-1.15	0.98	-1.60
Volatility				
VIX	19.11	-2.40	4.83	31.98
MOVE	122.14	0.23	23.86	34.22

Source: Bloomberg, and ADCB Asset Management

Notes: Data as at 8AM UAE time – October 18th, 2024. Performance in local currency terms.

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