

Daily Market View

September 07 2023

Macroeconomic news

- US ISM non-manufacturing PMI for August came at 54.5 rising from the previous month's level 52.7 and much better than the expected 52.5 level. However, US S&P Global services PMI fell from previous month and came below expectations.
- Eurozone retail sales fell during July. Growth compared to June was weaker than expected but growth compared to a year ago was slightly better than expected.
- German factory orders fell 11.7% m-o-m during July – registering their steepest fall since the pandemic-induced lockdowns in early 2020.

Rates and Fixed Income

- Stronger than expected services data resulted in markets repricing the Fed's policy rate path. Yields on 2Y USTs increased 6bp while those on 10Y USTs rose 3bp.
- Eurozone bond yields rose with German 10Y Bund rising 4.2 bps, while UK 10Y Gilt rose 0.84 bps.
- Global Bond Indices declined with EM Sovereign declined in both LCY and USD terms.

Currencies

- The USD index rose against a basket of other currencies with the broad dollar hitting the highest level since March.
- While EUR traded flat against USD, GBP lost ground.
- USD/JPY was largely unchanged despite the USD strength.

Equities

- US equities posted losses with high duration sectors experiencing acute pressure from rising bond yields.
- European equities lost ground with Stoxx Europe 600 ending the day 0.6% lower, marking its sixth successive day of declines.
- Gulf equities declined with the exception of Qatar due to a rise in the petrochemical industry and Kuwait, Saudi underperformed the most declining about 1%.

Commodities

- Oil prices settled higher as expectations on further draws on U.S. crude oil inventory added worries over supply cuts. US crude expected to fall 5.5 million barrels this week.
- Gold extended its 5th week decline, as yields climbed as well as the dollar strengthening due to signs of a resilient U.S. economy.
- Copper slide on Wednesday after the after the Chinese Yuan fell due to poor economic data. The dollar strengthened and German factory orders dropped signalling weak global economy.

Key events in the day ahead

- China forex reserves
- Eurozone GDP
- US initial jobless claims
- New York Fed President John Williams speaks at Bloomberg Market Forum
- Japan GDP (Friday)

Performance snapshot*

Rates	Latest	Daily (bp)
SOFR	5.31	0.00
UAE Eibor 3m	5.32	-4.51
UAE Eibor 12m	5.56	14.37
US 3m Bills	5.45	4.06
US 10yr Treasury	4.28	1.99
German 10yr Bund	2.65	4.20
UK 10yr Gilt	4.53	0.84
Fixed Income		Daily (%)
Global Agg. Index	442	-0.18
Global Treasuries	190	-0.19
Global Corporate	254	-0.20
EM USD Sovereign	352	-0.44
EM LCY Sovereign	138	-0.28
Global High Yield	1416	-0.22
Currencies		
Dollar Index	104.86	0.05
EUR USD	1.07	0.05
GBP USD	1.25	-0.45
USD JPY	147.66	-0.04
Equities		
S&P 500	4465	-0.70
Dow Jones	34443	-0.57
NASDAQ	13872	-1.06
STOXX 600		
DAX	15741	-0.19
Nikkei 225	33241	0.62
FTSE 100	7426	-0.16
SENSEX	65881	0.15
Hang Seng	18450	-0.04
MSCI World	2956	-0.59
MSCI EM	981	-0.45
Regional Equities		
ADX	9614	-0.43
DFM	4038	-0.38
Tadawul	11298	-0.99
DSM	10141	0.74
MSM30	4722	-0.12
BHSE	1943	-0.24
KWSE	6967	0.50
Commodities		
BBG Commodity Index	106.4	-0.24
Brent USD/bbl	90.6	0.62
Gold USD/t oz	1916.6	-0.50
Copper USD/MT	8395	-0.42
Volatility		
VIX	14.5	3.14
MOVE	111.3	1.52

Source: Bloomberg, and ADCB Asset Management
Notes: *Data as of September 6 2023 unless stated otherwise. Performance in local currency terms.

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