

Investment Daily

26 July 2024



The S&P 500 ended lower despite upbeat GDP data

US equities initially rose, led by gains in smaller-cap stocks, alongside data that showed the US economy remained resilient in Q2. However, losses in tech shares caused a reversal of the trend and resulted in another daily loss for the S&P 500 (-0.5%).

US Treasuries partially reversed Wednesday's steepening, after the upbeat Q2 GDP data release and as the 7-year Treasury debt auction saw good demand. 10-year yields fell 4bp to 4.24% as 2-year yields ended flat at 4.43%.

European stock markets fell on Thursday as earnings continued to disappoint in the tech and consumer discretionary space. The Euro Stoxx 50 fell 1.0%, the German DAX lost 0.5% and the French CAC fell 1.2%. In the UK, the FTSE-100 rose 0.4%.

European government bonds rose (yields fell) as Germany's IFO disappointed. 10-year German bund yields fell 2bp to 2.42% and 10-year French bond yields fell 3bp to 3.12%. In the UK, 10-year gilt yields inched lower by 3bp to 4.13%.

Asia stock markets extended recent losses on Thursday, tracking the overnight drop in US markets and driven by a continued tech sell-off. Japan's Nikkei 225 fell sharply by 3.3%, weighed down also by a further rally in the Japanese yen amid investor nervousness ahead of next week's Bank of Japan (BoJ) policy meeting. Elsewhere, Korea's Kospi fell 1.7%. Hong Kong's Hang Seng and China's Shanghai Composite was down 1.8% and 0.5% respectively, despite an unexpected 20bp cut to the 1-year medium-term lending facility (MLF) rate by China's central bank. India's Sensex also ended 0.1% lower.

Crude oil prices rose on Thursday. WTI crude for September delivery settled 0.9% higher at USD78.3 a barrel.

US stocks ended lower; longer-term Treasury yields retreated

European stocks and government bond yields fell

Asian stocks extended recent losses

Key Data Releases and Events

Releases yesterday

Germany's IFO Business Climate Index fell unexpectedly to 87.0 in July from 88.6 in June, the Index's third consecutive decline as IFO president said "the German economy is stuck in the crisis".

US GDP rose more than expected at a 2.8% qoq annualized rate in Q2 from 1.4% qoq in Q1 amid gains in consumer spending and business investment.

Releases due today (26 July 2024)

Country	Indicator	Period	Survey	Prior
Japan	Tokyo CPI excluding fresh food & energy (yoy)	Jun	2.2%	2.1%
US	Core PCE Inflation (yoy)	Jun	2.5%	2.6%
US	University of Michigan Consumer Confidence Index	Jul (F)	66.0	66.0

In **Japan**, the **Tokyo CPI** excluding fresh food and energy edged higher to 2.2% yoy in June, from 2.1% yoy in May, as service sector inflation has stabilised recently while goods sector disinflation persists despite the yen's recent weakness.

In the **US**, **core PCE inflation** is forecast to fell slightly to 2.5% yoy in June, from 2.6% yoy in May, getting closer to the Fed's 2% medium-term target.

The **US University of Michigan Consumer Confidence Index** is expected to stay at 66.0 in July amid lingering inflation concerns and political uncertainty.

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