

Investment Daily

2 July 2024



US stocks and Treasury yields rose at the start of a holiday-shortened week

US equities ended higher on Monday in light pre-holiday trading. Investors awaited Friday's labour market reports. The S&P 500 edged 0.3% higher, led by gains in technology and consumer discretionary stocks.

US Treasuries extended Friday's losses at the start of a holiday-shortened week amid continued uncertainty surrounding the US election, with investors weighing fiscal and inflation concerns. 10-year yields rose 6bp to 4.46%.

European stock markets rallied on Monday following the first round of lower house elections in France. The result pointed to a strong but not overwhelming outcome for the Le Pen-led RN party, which gained most votes, followed by the left-wing coalition (NFP) with Macron's party (Ensemble) in third. The Euro Stoxx 50 rose 0.7%. The French CAC increased 1.1% while the German DAX was up 0.3%. In the UK, the FTSE-100 ended flat.

European government bonds fell (yields rose) on an unwinding of flight to quality. 10-year German yields jumped 11bp to 2.61% as 10-year French yields increased 5bp to 3.35%. In the UK, 10-year gilt yields rose sharply by 11bp to 4.28%.

Asian stock markets rose on Monday as investors digested benign US PCE inflation data. Japan's Nikkei 225 edged up 0.1% amid rising fears of a possible BoJ rate hike in July. Korea's Kospi posted a 0.2% rise, aided by continued positive sentiment towards semiconductor shares. China's Shanghai composite gained 0.9% following mixed PMI surveys, while India's Sensex increased 0.6%. The Hong Kong market was closed for a holiday.

Crude oil prices rose on Monday, as investors weighed geopolitical and hurricane risks and expectations of rising fuel demand during the summer driving season. Crude oil for August delivery jumped 2.3% to settle at USD83.4 a barrel.

US stocks and Treasury yields rose

European stocks and government bond yields rose

Asian stocks traded mostly higher

Key Data Releases and Events

Releases yesterday

The **Bank of Japan's** (BoJ) latest quarterly **Tankan survey** revealed a small increase in large manufacturers' confidence to 13 in Q2, from 11 in Q1, above market expectations, but non-manufacturing sentiment slipped in Q2. Companies' medium-term price expectations edged higher above 2% in Q2, suggesting firms may be becoming more confident in passing on higher costs.

The **US ISM manufacturing index** edged down to 48.5 in June from 48.7 in May, below market expectations.

Releases due today (2 July 2024)

Country	Indicator	Period	Survey	Prior
Eurozone	CPI (yoy)	Jun (P)	2.5%	2.6%
US	JOLTS Job Openings	May	7.9m	8.1m

Eurozone CPI is forecast to edge down to 2.5% yoy in June, from 2.6% yoy in May. The core rate was 2.9% yoy in June.

US JOLTS job openings, a key labour market indicator, is expected to decline in May following a sharp fall in April. However, the data can be volatile month-to-month.

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