

Investment Daily

3 July 2024



US stocks and Treasuries ended higher after Powell comments

US equities advanced on Tuesday, as investors weighed Fed Chair Powell's comments and awaited employment reports later this week. The S&P 500 gained 0.6%.

US Treasuries ended with modest gains after Powell acknowledged the recent improvement in the inflation data and noted that the Fed now faced two-sided risks to achieving its inflation and employment goals. 10-year yields fell 3bp to 4.43%.

European stock markets retreated on Tuesday amid ongoing political worries in France. The Euro Stoxx 50 fell 0.5%. The French CAC declined 0.3% and the German DAX was down 0.7%. In the UK, the FTSE-100 lost 0.6%.

European government bonds were range-bound as investors digested the flash print for eurozone inflation in June. 10-year German yields flat-lined at 2.61% as 10-year French yields fell 3bp to 3.32%. In the UK, 10-year gilt yields dipped 3bp to 4.25%.

Asian stock markets were mixed on Tuesday. Japan's Nikkei 225 rose 1.1%, led by financials amid higher JGB yields. Korea's Kospi fell 0.8%, as investors digested a downside surprise in June headline CPI ahead of the government's announcement of "Corporate Value-up" tax incentives. Hong Kong's Hang Seng edged 0.3% higher after returning from a holiday on Monday, as China's Shanghai Composite inched up 0.1%. Elsewhere, India's Sensex ended flat.

Crude oil prices retreated on Tuesday, following Monday's rally, as investors weighed a rebound in Russian crude production and exports amid ongoing concerns over geopolitical and hurricane risks and expectations for increased fuel demand during the summer driving season. WTI crude for August delivery slid 0.7% to settle at USD82.8 a barrel.

US stocks and Treasuries rose after Powell comments

European stocks fell; government bonds were range-bound

Asian stocks traded mixed

Key Data Releases and Events

Releases yesterday

Eurozone CPI inflation edged down to 2.5% yoy in June from 2.6% yoy in May, in line with market expectations. The core rate stayed at 2.9% yoy, compared to consensus forecast of 2.8% yoy, as services inflation remained sticky.

US JOLTS job openings, a key labour market indicator, unexpectedly rose to 8.14 million in May, from a downwardly revised 7.92 million in April.

At the ECB Forum on Central Banking in Sintra, **Fed Chair Powell** welcomed latest US inflation data but wants to be "more confident" in the disinflation process before considering a policy change.

Releases due today (3 July 2024)

Country	Indicator	Period	Survey	Prior
China	Caixin Services PMI	Jun	53.4	54.0
US	ADP Employment	Jun	165k	152k
US	June FOMC minutes published	Jun	-	-

In the **US**, the June **FOMC minutes** should confirm that the committee remains patient, awaiting further evidence of disinflation before considering easing policy.

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