

# Investment Daily

31 October 2024



## US stocks fell amid higher Treasury yields as investors assessed earnings

**US stocks** fell on Wednesday amid higher Treasury yields, as investors assessed quarterly earnings and looked ahead to some tech heavyweights' reports due after market close. The S&P 500 closed 0.3% lower, as the tech-heavy Nasdaq lost 0.6%.

**US Treasuries** traded lower (yields higher) as investors digested a batch of mixed economic data, including upbeat October ADP employment and Q3 personal consumption and core PCE data. 10-year yields gained 5bp to 4.30%.

**European stock markets** fell on Wednesday amid caution ahead of next week's US elections. The Euro Stoxx 50 fell 1.3% led by weaker tech and non-consumer cyclicals. Both German DAX and French CAC fell 1.1%. In the UK, the FTSE-100 lost 0.7%.

**European government bonds** fell (yields rose), pushed up by stronger-than-expected eurozone Q3 GDP. 10-year German bund yields rose 5bp to 2.39%, with 10-year French bond yields rising 5bp to 3.13%. In the UK, 10-year gilt yields increased 4bp to 4.35% as investors digested the inaugural budget from Chancellor Reeves.

**Asian stock markets** mostly fell on Wednesday, as investors stayed cautious ahead of next week's US elections, the Fed rate decision and China's NPC standing committee meeting. Chinese equities declined, with China's Shanghai Composite and Hong Kong's Hang Seng losing 0.6% and 1.5%, respectively. India's Sensex also fell 0.5%. Bucking the regional trend, Japan's Nikkei 225 rose 1.0%, led by gains in utilities and tech shares amid recent yen weakness.

**Crude oil prices** rebounded on Wednesday following unexpected declines in US weekly crude and gasoline stockpiles and news reports that OPEC+ might delay a planned oil output increase. Geopolitical developments in the Middle East also remained in focus. WTI for December delivery settled 2.1% higher at USD68.6 a barrel.

US stocks and Treasuries fell

European stocks and government bonds fell

Asian stocks mostly fell

## Key Data Releases and Events

### Releases yesterday

In the **US**, the advanced measure of Q3 **GDP** rose at a qoq annualised rate of 2.8% compared to 3.0% in Q2, led by higher consumer spending. Business investment saw double-digit growth. Meanwhile, the **ADP employment** measure rose 233k in October after September's upwardly revised 159k increase.

The flash estimate for Q3 **Eurozone GDP** posted a 0.4% qoq increase, above market expectations. Germany, France, and Spain fared better than Italy.

**Mexican GDP** increased 1.0% qoq in Q3 after a 0.2% qoq rise in Q2, above the market consensus.

### Releases due today (31 October 2024)

Country	Indicator	Period	Survey	Prior
Japan	BoJ Policy Rate	Oct	0.25%	0.25%
Eurozone	CPI, Flash (yoy)	Oct	1.9%	1.7%
US	PCE Price Index (yoy)	Sep	2.1%	2.2%
US	Employment Cost Index (qoq)	Q3	0.9%	0.9%

In Japan, the **Bank of Japan** is expected to leave the policy rate unchanged at 0.25%.

The **eurozone** flash **inflation** estimate should rise to 1.9% yoy in October, from 1.7% yoy in September.

In the **US**, the PCE price index is expected to edge down to 2.1% yoy in October, from 2.2% yoy in September. The **core PCE price index**, favoured by the Fed, should also inch lower to 2.6% yoy in October compared to 2.7% yoy in September. On the other hand, the **US employment cost index** likely posted a 0.9% qoq increase in Q3, unchanged from Q2.

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