

Investment Daily

20 December 2024



US stocks consolidated after Wednesday's selloff

US stocks ended little changed on Thursday, following Wednesday's selloff. The S&P 500 ended 0.1% lower.

US Treasuries fell and the yield curve steepened, as investors continued to assess the Fed policy outlook. 2-year yields fell 3bp to 4.32% as 10-year yields rose 5bp to 4.56%.

European stock markets fell on Thursday after the Fed signalled a slower pace of interest rate cuts in 2025. The Euro Stoxx 50 closed 1.6% lower. The German DAX dropped 1.3% and the French CAC fell 1.2%. In the UK, the FTSE-100 lost 1.1%.

European government bonds fell (yields rose). 10-year German yields increased 6bp to 2.30% with 10-year French yields up 7bp to 3.12%. In the UK, 10-year gilt yields gained 2bp to 4.58% after the BoE policy decision.

Asian stock markets declined, and Asian currencies weakened against the US dollar, on Thursday, tracking overnight US market losses amid reduced market expectations of Fed rate cuts next year. Japan's Nikkei 225 closed down 0.7%, after the Bank of Japan (BoJ) decided to leave the policy unchanged. BoJ Governor said that the central bank needs more information on domestic wages and US policies to decide on policy changes. Elsewhere, Korea's Kospi lost 2.0%, India's Sensex ended 1.2% lower, and major ASEAN markets also posted declines (ex. Malaysia). Philippines equities fell after the central bank lowered the policy rate by 25bp, as expected, and reiterated a measured approach to policy easing to ensure price stability. Meanwhile, China's Shanghai Composite and Hong Kong's Hang Seng was down 0.4% and 0.6% respectively.

Crude oil prices fell on Thursday with the Fed and BoE signalling caution over further monetary easing and ongoing global demand concerns. WTI crude for January delivery settled 0.9% lower at USD69.9 a barrel.

US stocks were little changed; Treasury yield curve steepened

European equities and government bonds fell

Asian stocks declined after a hawkish Fed rate cut

Key Data Releases and Events

Releases yesterday

The **Bank of Japan** (BoJ) kept the policy rate unchanged at 0.25%, as expected. Governor Ueda reiterated a rate hike would take place when more information confirmed that the economy is "moving in line" with the BoJ's forecast.

In the **Philippines**, the **central bank** cut the policy rate to 5.75% from 6.00%, as expected, staying the course in reducing monetary policy restrictiveness. However, it remains vigilant against upside inflation risks and cautious about further easing.

In the **UK**, the **Bank of England** (BoE) held the policy rate steady at 4.75%, reflecting recent strength in inflation and pay growth. However, three of the nine committee members voted for a 25bp cut, citing evidence that the economy is slowing and the labour market is cooling.

Releases due today (20 December 2024)

Country	Indicator	Period	Survey	Prior
United States	PCE Price Index (yoy)	Nov	2.5%	2.3%

US PCE price index likely increased to 2.5% yoy in November, up from 2.3% yoy in October.

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