

Investment Daily

4 July 2024



US stocks and Treasuries rose as soft economic data raised rate cut hopes

US equities rose on Wednesday in a shortened session ahead of the 4 July holiday amid lower Treasury yields and Fed rate cut hopes. The S&P 500 ended 0.5% higher, led by gains in technology shares.

US Treasuries rose (yields fell) as weaker-than-expected data on service sector activity and labour markets lifted expectations of Fed rate cuts. 10-year yields slid 7bp to 4.36%.

European stock markets rallied on Wednesday as investors digested comments by Fed Chair Powell. The Euro Stoxx rose 1.2%, led by industrials and technology, with strength widespread across local markets. In the UK, the FTSE-100 rose 0.6%.

European government bonds rose (yields fell) amid higher US Treasuries. 10-year German bund yields fell 2bp to 2.58% as 10-year French yields declined 7bp to 3.25%. In the UK, 10-year gilt yields dropped 8bp to 4.17%.

Asian stock markets advanced on Wednesday, driven by higher technology shares and tracking gains in US stocks overnight following Fed Chair Powell's comments. Japan's Nikkei 225 and Korea's Kospi rose 1.3% and 0.5%, respectively. Hong Kong's Hang Seng rallied 1.2%, whereas China's Shanghai Composite ended down 0.5% as the latest Caixin Services PMI fell to an 8-month low of 51.2 in June. Elsewhere, India's Sensex climbed 0.7%.

Crude oil prices rose on Wednesday, after government data showed a large decline in US crude stockpiles last week. WTI crude for August delivery settled 1.3% higher at USD83.9 a barrel.

US stocks and Treasuries rose on Fed rate cut expectations

European stocks and government bonds rose

Asian stocks rose, led by technology shares

Key Data Releases and Events

Releases yesterday

The **US ISM services index** surprised on the downside in June, falling to 48.8 from 53.8 in May. This is the lowest level since the recession in 2020. New orders dropped sharply in June, pointing to further weakness in the near term.

Releases due today (4 July 2024)

Country	Indicator	Period	Survey	Prior
UK	General Election	Jun	-	-
Germany	Factory orders (mom)	May	0.5%	-0.2%

German factory orders likely rebounded in May after falling 0.2% mom in April.

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