

Investment Daily

7 August 2024

Global stocks moved higher after Monday's selloff

US equities moved higher on Tuesday, partially reversing Monday's selloff as fears of an imminent US economic downturn eased. The S&P 500 ended 1.0% higher.

US Treasuries fell and the yield curve steepened, as demand for safe havens eased. 2-year yields rose 6bp to 3.98% as 10-year yields climbed 10bp to 3.89%.

European stock markets lacked clear direction on Tuesday, following a selloff in global stock markets on Monday. The Euro Stoxx 50 edged 0.1% higher. The German DAX also posted a marginal 0.1% gain while the French CAC lost 0.3%. In the UK, the FTSE-100 closed 0.2% higher.

European government bonds were mixed. 10-year German yields rose 1bp to 2.20%, and 10-year French yields were down 2bp to 2.96%. In the UK, 10-year gilt yields rose 5bp to 3.92%.

Most **Asia stock markets** rebounded on Tuesday following plunges in the previous session as ISM services data helped alleviate US macro worries. Japan's Nikkei 225 jumped 10.2%, as the yen retreated from recent highs. Korea's Kospi rallied 3.3%. Chinese equities were range-bound. Hong Kong's Hang Seng ended 0.3% lower, as China's Shanghai Composite added 0.2%. Elsewhere, India's Sensex ended 0.2% lower.

Crude oil prices rose on Tuesday, as risk sentiment recovered and market attention shifted to signs of supply tightness due to geopolitical developments in the Middle East. WTI crude for September delivery settled 0.4% higher at USD73.2 a barrel.

US stocks rose and Treasury yield curve bear steepened

European stocks and government bonds lacked clear direction

Asian stocks rebounded from Monday's selloff

Key Data Releases and Events

Releases yesterday

German manufacturing orders rose by 3.9% mom in June, after a 1.7% mom drop in May. Despite the increase, which was higher than the 0.5% mom forecast, the economy remains weak.

The **Reserve Bank of Australia** (RBA) left the interest rate at 4.35% and reiterated its data-dependent approach. Its inflation forecast changes showed slightly slower progress towards the target. Governor Bullock in the press conference pushed back against current market pricing for rate cuts in 2024.

Releases due today (07 August 2024)

Country	Indicator	Period	Survey	Prior
Germany	Industrial Production (mom)	Jun	1.0%	-2.5%
China	Trade Balance (USD bn)	Jul	98.4	99.1

In **Germany, industrial production** is forecast to increase by 1.0% mom in June, following a -2.5% mom drop in May.

China's trade surplus is expected to remain sizeable in July amid solid exports and a modest import recovery.

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