

Investment Daily

10 September 2024



US stocks rebounded from last week's selloff

US equities advanced on Monday after last week's selloff. Investors await today's presidential debate and Wednesday's CPI inflation data. The S&P 500 ended 1.2% higher.

US Treasuries traded mixed and the yield curve slightly flattened, ahead of inflation prints due later this week. 10-year yields edged down 1bp to 3.70%, as 2-year yields were up 2bp to 3.67%.

European stock markets rebounded on Monday, partially reversing the equity sell-off at the end of last week. The Euro Stoxx rose 0.9%, led by materials and energy shares. The German DAX rose 0.8%, and the French CAC was up 1.0%. In the UK, the FTSE-100 increased 1.1%.

European government bonds were range-bound as investors await US CPI data and the ECB policy meeting later this week. 10-year German yields ended flat at 2.17%, as 10-year French yields stayed at 2.88%. In the UK, 10-year gilt yields edged 3bp lower to 3.86% ahead of key UK labour market data.

Asian stock markets ended a volatile session lower on Monday following US equity weakness last Friday, with tech shares leading losses in the region. Japan's Nikkei 225 closed 0.5% lower as Korea's Kospi slipped 0.3%. Chinese equities also fell on lingering macro concerns, with Hong Kong's Hang Seng and China's Shanghai Composite ending down 1.4% and 1.1%, respectively. Elsewhere, India's Sensex bucked the regional trend to edge 0.5% higher.

Crude oil prices rose on Monday after last week's declines, amid the better market risk sentiment and as investors monitor the tropical storm's potential impact on US supply. WTI crude for October delivery settled 1.5% higher at USD68.7 a barrel.

US stocks rose after last week's selloff; Treasuries traded mixed

European stocks rebounded; government bonds were range-bound

Asian stocks mostly fell

Key Data Releases and Events

Releases yesterday

In **Mexico**, **headline inflation** fell to 5.0% yoy in August, from 5.6% yoy in July, below market expectations. Core inflation edged down to 4.0% yoy in August compared to 4.1% yoy in July, aided by rising disinflation in the service sector, pointing to scope for further gradual easing in the near-term.

In **China**, August inflation readings surprised to the downside. Food prices pushed headline **CPI** inflation slightly higher to 0.6% yoy in August from 0.5% yoy in July, but softer core inflation reflected continued weak domestic demand. Meanwhile, **PPI** fell 1.8% yoy in August, compared to a 0.8% yoy drop in July.

Releases due today (10 September 2024)

| Country | Indicator | Period | Survey | Prior |
|---------|---------------------------------------|--------|--------|-------|
| China | Trade Balance (USD bn) | Aug | 81.1 | 84.7 |
| UK | Unemployment rate, ILO (3mths) | Jul | 4.1% | 4.2% |
| US | NFIB Index of Small Business Optimism | Aug | 93.6 | 93.7 |
| Brazil | CPI (yoy) | Aug | 4.3% | 4.5% |

In **China**, **exports** should stay healthy, aided by its competitiveness in green-tech products.

In the **UK**, the **unemployment rate** is expected to edge down to 4.1% in the three months to July, from 4.2% in the three months to June. Private sector underlying wage growth should ease further in July, pointing to softer service sector inflation in coming months.

In the **US**, the backdrop to the first presidential debate between Trump and Harris show a "toss up" in the seven key swing US states according to latest opinion polls.

In **Brazil**, **core inflation** has risen since early 2024, driven by higher goods inflation associated with recent currency weakness.

This commentary provides a high level overview of the recent economic environment, and is for information purposes only. These views presented are based on our global views and may not necessarily align with our local views. It is a marketing communication and does not constitute investment advice or a recommendation to any reader of this content to buy or sell investments nor should it be regarded as investment research. It has not been prepared in accordance with legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of its dissemination.

Past performance is not an indication of future returns

Produced by the [Global Investment Strategy Unit](#)

PUBLIC

Important Information

This document has been issued by The Hongkong and Shanghai Banking Corporation Limited (the "Bank") in the conduct of its regulated business in Hong Kong and may be distributed in other jurisdictions where its distribution is lawful. It is not intended for anyone other than the recipient. The contents of this document may not be reproduced or further distributed to any person or entity, whether in whole or in part, for any purpose. This document must not be distributed to the United States, Canada or Australia or to any other jurisdiction where its distribution is unlawful. All non-authorised reproduction or use of this document will be the responsibility of the user and may lead to legal proceedings.

This document has no contractual value and is not and should not be construed as an offer or the solicitation of an offer or a recommendation for the purchase or sale of any investment or subscribe for, or to participate in, any services. The Bank is not recommending or soliciting any action based on it.

The information stated and/or opinion(s) expressed in this document are provided by HSBC Global Asset Management Limited. We do not undertake any obligation to issue any further publications to you or update the contents of this document and such contents are subject to changes at any time without notice. They are expressed solely as general market information and/or commentary for general information purposes only and do not constitute investment advice or recommendation to buy or sell investments or guarantee of returns. The Bank has not been involved in the preparation of such information and opinion. The Bank makes no guarantee, representation or warranty and accepts no responsibility for the accuracy and/or completeness of the information and/or opinions contained in this document, including any third party information obtained from sources it believes to be reliable but which has not been independently verified. In no event will the Bank or HSBC Group be liable for any damages, losses or liabilities including without limitation, direct or indirect, special, incidental, consequential damages, losses or liabilities, in connection with your use of this document or your reliance on or use or inability to use the information contained in this document.

In case you have individual portfolios managed by HSBC Global Asset Management Limited, the views expressed in this document may not necessarily indicate current portfolios' composition. Individual portfolios managed by HSBC Global Asset Management Limited primarily reflect individual clients' objectives, risk preferences, time horizon, and market liquidity.

The information contained within this document has not been reviewed in the light of your personal circumstances. Please note that this information is neither intended to aid in decision making for legal, financial or other consulting questions, nor should it be the basis of any investment or other decisions. You should carefully consider whether any investment views and investment products are appropriate in view of your investment experience, objectives, financial resources and relevant circumstances. The investment decision is yours but you should not invest in any product unless the intermediary who sells it to you has explained to you that the product is suitable for you having regard to your financial situation, investment experience and investment objectives. The relevant product offering documents should be read for further details.

Some of the statements contained in this document may be considered forward-looking statements which provide current expectations or forecasts of future events. Such forward looking statements are not guarantees of future performance or events and involve risks and uncertainties. Such statements do not represent any one investment and are used for illustration purpose only. Customers are reminded that there can be no assurance that economic conditions described herein will remain in the future. Actual results may differ materially from those described in such forward-looking statements as a result of various factors. We can give no assurance that those expectations reflected in those forward-looking statements will prove to have been correct or come to fruition, and you are cautioned not to place undue reliance on such statements. We do not undertake any obligation to update the forward-looking statements contained herein, whether as a result of new information, future events or otherwise, or to update the reasons why actual results could differ from those projected in the forward-looking statements.

Investment involves risk. It is important to note that the capital value of investments and the income from them may go down as well as up and may become valueless and investors may not get back the amount originally invested. Past performance contained in this document is not a reliable indicator of future performance whilst any forecasts, projections and simulations contained herein should not be relied upon as an indication of future results. Past performance information may be out of date. For up-to-date information, please contact your Relationship Manager.

Investment in any market may be extremely volatile and subject to sudden fluctuations of varying magnitude due to a wide range of direct and indirect influences. Such characteristics can lead to considerable losses being incurred by those exposed to such markets. If an investment is withdrawn or terminated early, it may not return the full amount invested. In addition to the normal risks associated with investing, international investments may involve risk of capital loss from unfavourable fluctuations in currency values, from differences in generally accepted accounting principles or from economic or political instability in certain jurisdictions. Narrowly focused investments and smaller companies typically exhibit higher volatility. There is no guarantee of positive trading performance. Investments in emerging markets are by their nature higher risk and potentially more volatile than those inherent in some established markets. Economies in emerging markets generally are heavily dependent upon international trade and, accordingly, have been and may continue to be affected adversely by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade. These economies also have been and may continue to be affected adversely by economic conditions in the countries in which they trade. Mutual fund investments are subject to market risks. You should read all scheme related documents carefully.

Copyright © The Hongkong and Shanghai Banking Corporation Limited 2024. All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted, on any form or by any means, electronic, mechanical, photocopying, recording, or otherwise, without the prior written permission of The Hongkong and Shanghai Banking Corporation Limited.

Issued by The Hongkong and Shanghai Banking Corporation Limited