

# Investment Daily

11 September 2024

## US stocks and Treasuries rose ahead of CPI inflation data

**US equities** traded mostly higher on Tuesday, ahead of the presidential debate and CPI inflation data. The S&P 500 ended up 0.4%, led by gains in real estate and technology shares, while energy and bank stocks declined.

**US Treasuries** advanced (yields dropped) amid a sharp fall in oil prices and a solid 3-year Treasury debt auction result. 10-year yields declined 6bp to 3.64%.

**European stock markets** fell on Tuesday, with the auto sector leading losses after a major auto manufacturer's outlook cut. The Euro Stoxx fell 0.7%, as energy and consumer cyclicals underperformed. The German DAX underperformed with a 1.0% drop, as the French CAC was down 0.2%. In the UK, the FTSE-100 fell 0.8%.

**European government bonds** rose (yields fell) as investors await US CPI data and the ECB policy meeting later this week. 10-year German yields inched 4bp lower to 2.13%, as 10-year French yields were also down 4bp to 2.84%. In the UK 10-year gilt yields slid 4bp to 3.82%.

**Asian stock markets** lacked clear direction on Tuesday ahead of the US presidential debate and CPI data releases. Japan's Nikkei 225 ended 0.2% lower, and Korea's Kospi lost 0.5%. Chinese equities rebounded slightly following recent weakness, with Hong Kong's Hang Seng and China's Shanghai Composite rising 0.2% and 0.3%, respectively. Elsewhere, India's Sensex added 0.4%, driven by gains in technology stocks.

**Crude oil prices** fell sharply on Tuesday amid rising concerns over softer China and US demand outlook, and as investors monitored how the hurricane would affect US refineries. WTI crude for October delivery settled 4.3% lower at USD65.8 a barrel.

**US stocks and Treasuries rose before CPI data**

**European stocks and government bond yields fell**

**Asian stocks lacked clear direction**

## Key Data Releases and Events

### Releases yesterday

**China's trade surplus** surprised to the upside, reaching USD91bn in August, amid an unexpected pickup in **exports** (+8.7% yoy in USD terms) and weaker-than-expected **imports** (+0.5% yoy) reflecting soft domestic demand.

In the **UK**, pay growth cooled to more than a two-year low in July and **the unemployment rate** fell to 4.1% (from 4.2% in June). This is likely to keep the Bank of England on track to cut interest rates again before the end of the year.

In the **US**, **small business optimism** had increased for four consecutive months but ebbed in August, fully reversing last month's rise, amid rising uncertainty ahead of the US presidential election and expectations of weak sales.

In **Brazil**, headline and core **inflation** had picked up in recent months but August saw a modest improvement, with the headline rate dropping back to 4.2% yoy from 4.5%.

### Releases due today (11 September 2024)

Country	Indicator	Period	Survey	Prior
US	CPI (yoy)	Aug	2.6%	2.9%

In the **US**, core **CPI inflation** has returned to an improving trend in recent months, which is likely to continue amid a cooling labour market. The Fed will be watching the figure closely ahead of its interest rate decision on 18 September.

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