

Investment Daily

12 September 2024



US stocks and bond yields ended a choppy session higher after CPI data

US equities ended a choppy session higher on Wednesday, reversing an initial post-CPI decline. The S&P 500 closed up 1.1%, led by a rebound in technology and consumer discretionary shares. The tech-heavy Nasdaq climbed 2.2%.

US Treasuries ended a choppy session lower with the yield curve flatter, following an initial selloff sparked by August CPI data and after a strong 10-year reopening auction. 2-year yields climbed 5bp to 3.64%, as 10-year yields edged up 1bp to 3.65%.

European stock markets were mixed on Wednesday, as investors await the ECB policy decision. The Euro Stoxx rose 0.3%, led by gains in tech and consumer cyclicals. The German DAX rose 0.4%, as the French CAC was down 0.1%. In the UK, the FTSE-100 dipped 0.1%.

European government bonds rose (yields fell). 10-year German yields and 10-year French yields were down 2bp and 1bp to 2.11% and 2.83% respectively. In the UK, 10-year gilt yields dropped 6bp to 3.76% after soft July GDP data.

Asian stock markets traded lower on Wednesday, as investors assessed the US presidential debate ahead of key US CPI data, amid ongoing China/global growth concerns. Japan's Nikkei 225 dropped 1.5% as a rally in the yen weighed on exporter shares. Hong Kong's Hang Seng and China's Shanghai Composite fell 0.7% and 0.8%, respectively. India's Sensex ended 0.5% lower.

Crude oil prices rebounded on Wednesday, driven by investor concerns over the hurricane's impact on oil production, despite an increase in US weekly crude stockpiles. WTI crude for October delivery settled 2.4% higher at USD67.3 a barrel.

US stocks and Treasury yields rose after CPI data

European stocks were mixed, as government bond yields fell

Asian stocks mostly fell

Key Data Releases and Events

Releases yesterday

In the **US**, **CPI** rose 0.2% mom in August, the same rate as July and matching the market consensus. The annual rate fell to 2.5% in August compared to 2.9% in July, the smallest annual increase since February 2021. The core CPI surprised on the upside in August, rising 0.3% mom after a 0.2% mom increase in July due to higher service sector inflation. Still, the annual rate was unchanged at 3.2% in August.

UK GDP was flat in July, for the second consecutive month, below market expectations.

Releases due today (12 September 2024)

Country	Indicator	Period	Survey	Prior
India	CPI (yoy)	Aug	3.5%	3.5%
India	Industrial Production (yoy)	Jul	4.6%	4.2%
Eurozone	ECB Deposit Rate	Sep	3.50%	3.75%
US	PPI (mom)	Aug	0.1%	0.1%

In **India**, **CPI** is forecast to remain unchanged at 3.5% yoy in August. **Industrial production** is expected to rise 4.6% yoy in July, up from 4.2% yoy in June, consistent with robust PMI readings.

The **European Central Bank (ECB)** is expected to cut its deposit rate by 25bp to 3.50% against a backdrop of gradually improving inflation and softer activities. ECB staff forecasts could show a downgrade to 2024 GDP projection, as little change is envisaged in medium-term inflation forecasts.

In the **US**, **PPI** should edge 0.1% mom higher in August, the same rate as July.

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