

Investment Daily

24 September 2024



US stocks rose as investors assessed remarks from Fed officials

US equities ended modestly higher on Monday as investors assessed remarks from Fed officials on the outlook for further interest-rate cuts. The S&P 500 gained 0.3%.

US Treasuries ended little changed as investors weighed Fed officials' remarks, US PMI readings and the decline in oil prices. 2-year yields stayed at 3.59% as 10-year yields edged 1bp higher to 3.75%.

European stock markets were higher on Monday, as soft eurozone business activity readings strengthened the case for further monetary easing by the ECB. The Euro Stoxx 50 rose 0.3%. The German DAX rose 0.7%, and the French CAC edged up 0.1%. In the UK, the FTSE-100 added 0.4%.

European government bonds mostly rose (yields fell) as eurozone flash PMIs signalled downbeat momentum in the region. 10-year German yields fell 5bp to 2.16%, as 10-year French yields were down 2bp to 2.94%. In the UK, 10-year gilt yields rose 2bp to 3.92%.

Asian stock markets lacked clear direction on Monday. China's Shanghai Composite gained 0.4% amid investor optimism over more policy stimulus. This followed a 10bp cut to the 14-day reverse repo rate by the PBoC at its open market operations (which was likely a catch-up move to the 10bp cut to the 7-day reverse repo rate back in July). Hong Kong's Hang Seng ended largely flat (-0.1%). Elsewhere, Korea's Kospi was up 0.3%, India's Sensex rose 0.5%, and ASEAN markets were mixed. Japan's market was closed for a holiday.

Crude oil prices started the week lower amid ongoing concerns over the global demand outlook while investors continued to monitor geopolitical developments in the Middle East. WTI for November delivery fell 2.2% to settle at USD70.4 a barrel.

US stocks rose and Treasuries ended little changed on Fed comments

European stocks rose as government bond yields mostly fell

Asian stocks were mixed

Key Data Releases and Events

Releases yesterday

In the **US**, the **S&P composite PMI** edged lower in September, driven primarily by a deterioration in the manufacturing sector, although the services index also ticked down. Nonetheless, the composite reading is still comfortably in expansion territory, consistent with solid growth.

In the **eurozone**, the **composite PMI** dropped below 50 (thereby implying contraction) for the first time since February with both the manufacturing and service sectors weakening. Some of the softening in the service sector reflected an unwinding of the boost to activity seen in France during the Olympics. However, German manufacturing and services also weakened.

In the **UK**, the flash **PMIs** also declined but, unlike the eurozone, remained in expansion territory for the 11th successive month.

Releases due today (24 September 2024)

Country	Indicator	Period	Survey	Prior
Australia	RBA Cash Target Rate	Sep	4.35%	4.35%
Germany	IFO Business Climate Index	Sep	86.0	86.6
United States	S&P Case-Shiller 20 House Price (mom)	Jul	0.4%	0.4%
United States	Consumer Confidence Index, Conference Board	Sep	104.0	103.3

The **Reserve Bank of Australia** still focuses on the slower-than-expected disinflation progress and is expected to keep its policy rate unchanged.

In **Germany**, the **IFO business climate index** is expected to fall for a fourth consecutive month, mirroring the downbeat messages from latest PMI readings.

In the **US**, the **Conference Board consumer confidence** indicator has risen for the last two months, despite evidence that the labour market continues to cool. Forecasters expect a further modest increase in confidence in the September reading. The **Case-Shiller house price index** is expected to rise at a similar pace to that seen in recent months.

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