

# Investment Daily

25 September 2024



## Global stocks rose after China's stimulus move

**US equities** rose on Tuesday amid lower Treasury yields, and as China's stimulus package supported the market sentiment. The S&P 500 ended 0.3% higher.

**US Treasuries** gained (yields fell) amid a weaker-than-expected consumer confidence reading and a solid 2-year Treasury debt auction result. 2-year yields dropped 5bp to 3.54%, as 10-year yields edged 2bp lower to 3.73%.

**European stock markets** rallied on Tuesday, driven by China's sweeping stimulus measures. The Euro Stoxx index rose 1.1%, led by higher consumer cyclical and non-cyclicals. The German DAX index rose 0.8%, with the French CAC up 1.3%. In the UK, the FTSE-100 rose 0.3%.

**European government bonds** mostly rose (yields fell). 10-year German yields fell 1bp to 2.15%, as 10-year French yields were down 2bp to 2.92%. Peripherals bond yields also declined. Meanwhile, in the UK 10-year gilt yields bucked the regional trend to rise 2bp to 3.94%.

**Asian stock markets** broadly advanced on Tuesday. Chinese equities rallied after PBoC/financial regulators unveiled a comprehensive set of easing measures to support the economy, property sector and equity market. These included (1) a reduction in the 7-day reverse repo rate; (2) a lower RRR; (3) a cut in interest rates on existing mortgages and the minimum downpayment ratio for second home purchase and (4) new financial instruments to boost liquidity in the stock market. The Shanghai Composite surged 4.2%, with Hong Kong's Hang Seng jumping 4.1%. Elsewhere in Asia, Japan's Nikkei 225 rose 0.6% whilst Korea's Kospi gained 1.1%. India's Sensex, meanwhile, ended little changed.

**Crude oil prices** rose on Tuesday after Chinese authorities announced a package of measures to support its economy, and as investors continued to monitor the geopolitical developments in the Middle East. WTI for November delivery settled 1.7% higher at USD71.6 a barrel.

**US stocks rose as Treasury yields fell**

**European stocks and government bonds rose**

**Asian stocks mostly rose, led by China and Hong Kong**

## Key Data Releases and Events

### Releases yesterday

In the **US**, the **Conference Board Consumer Confidence Index** surprised to the downside in September, falling to 98.7 from 105.6 in August, driven by the increased concerns over the labour market. Jobs were seen as less plentiful and harder to get in September, hinting at a higher unemployment rate in coming months. The **S&P CoreLogic Case-Shiller 20-city house price index** slowed to a 5.9% yoy increase in July, from a 6.5% yoy gain in June and strong gains in Q2 (on annual basis) amid higher inventory of housing.

In **Germany**, **IFO business climate index** fell to 85.4 in September, from 86.6 in August, its fifth consecutive monthly decline, mirroring the downbeat message from latest ZEW, Sentix and flash PMI surveys.

In **Australia**, the **RBA** left rates unchanged but signalled a less hawkish stance as it dropped its reference to raising official rates. Still, the RBA reiterated a rate cut is unlikely soon.

### Releases due today (25 September 2024)

Country	Indicator	Period	Survey	Prior
Sweden	Riksbank Policy Rate	Sep	3.25%	3.50%
US	New home sales	Aug	0.70m	0.74m

In **Sweden**, continued economic weakness and better inflation news point to further easing by the **Riksbank** in September, with the market pricing in a 25bp rate cut.

**US new home sales** are expected to fall to 0.7 million in August, from 0.74 million in July.

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