

Investment Daily

18 October 2024



US Treasuries fell on strong retail sales data; S&P 500 little changed

In the **US**, the **S&P 500** ended little changed on Thursday, as upbeat retail sales data cooled market pricing of Fed rate cuts this year. Energy, technology and financials stocks were best performing sectors as interest-rate sensitive sectors fell.

US Treasuries fell (yields rose) amid solid US economic data. 10-year yields rose 8bp to 4.09%.

European stock markets rose on Thursday as the ECB cut policy rates as widely expected. The Euro Stoxx 50 rose 0.8%. The German DAX increased 0.8% and the French CAC gained 1.2%. In the UK, the FTSE-100 closed 0.7% higher.

European government bonds fell (yields rose) following the ECB's rate cut decision. 10-year German yields rose 3bp to 2.21% as 10-year French yields increased 2bp to 2.94%. In the UK, 10-year gilt yields rose 3bp to 4.09%.

Asia stock markets traded mostly lower on Thursday as investors weighed the tech earnings outlook and China stimulus. Japan's Nikkei 225 fell 0.7%, as Korea's Kospi ended flat. Chinese equities also declined, led by losses in property stocks after the policy briefing. China's Shanghai Composite and Hong Kong's Hang Seng both lost 1.0%. Elsewhere, India's Sensex extended losses to end 0.6% lower.

Crude oil prices bounced back from two-week lows on Thursday, after data showed declines in US crude and fuel stockpiles last week. WTI crude for November delivery settled 0.4% higher at USD70.7 a barrel.

US stocks were little changed as Treasuries fell on upbeat retail sales data

European stocks rose and government bonds fell

Asian stocks traded lower

Key Data Releases and Events

Releases yesterday

In the **US**, consumer resilience was reflected in 0.4% mom increase in **retail sales** in September after August's 0.1% mom rise. On the contrary, **industrial production** contracted by 0.3% mom in September, compared to a 0.8% mom rise in August.

The **European Central Bank** cut its deposit rate by 25bp to 3.25%, given recent signs of growth weakness and an improving inflation picture.

Releases due today (18 October 2024)

Country	Indicator	Period	Survey	Prior
US	Housing Starts	Sep	1.35mn	1.36mn
China	Industrial Production (yoy)	Sep	4.5%	4.5%
UK	Retail Sales (mom)	Sep	-0.3%	1.0%

US housing starts are expected to edge down to 1.35mn in September, from 1.36mn in August.

In **China**, **Q3 real GDP** growth is expected to edge higher on a sequential basis from a soft patch in Q2 but the year-on-year growth likely ease to 4.5% in Q3 from 4.7% in Q2. September activity data overall likely reflected soft domestic demand.

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