



## CIO OFFICE MORNING MARKET WRAP

27 August 2024

Fed's San Francisco president, Mary Daly, echoed President Powell's sentiments in an interview with Bloomberg yesterday. She added it's too early to know the exact path of policy and declined to say whether she would support a quarter or half percentage-point rate cut at the central bank's Sept. 17-18 meeting. Her Richmond counterpart, Barkin, said that he still sees upside risks for inflation, though he supported "dialing down" interest rates in the face of a cooling labor market.

Market reacted minimally to July preliminary durable goods orders, the day's only major economic release; its core components were weaker than expected. Despite dovish Fed speak and weaker data, front-end yields increased, and the curve flattened. The 2-year is firmly below 4% and we may see a slight concession in today's 2-year note auction.

Last night S&P 500 and Nasdaq both dropped 0.3% and 0.8% respectively led by Tech shares. Mag 7 shares dropped 1.2% before Nvidia's earnings release due on Wednesday. Overall, DM stocks dropped 0.2% whereas EM stocks gained 0.33% yesterday. Tech and Consumer Discretionary were the worst performing sectors while Energy topped the charts.

This morning the Asian shares are trading lower. Hong Kong and mainland China shares are down by 0.2% and 0.6% even though data showed profit margins at large Chinese firms expanded to 4.1% in July from 3.6% a month earlier. Nikkei has decreased by 0.1%. Services PPI in Japan came below expectations at 2.8%. US 10-year treasury is steady around overnight levels of 3.82%. Brent Crude trades around 81.3. Gold has dropped slightly but still hovers above \$2,500.

We have a light data dossier today. From the US we have Conference Board consumer Index and Richmond Fed manufacturing Index. We would also get the second estimate for Germany's Q2 GDP.

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Chief Investment Office  
Wealth Management,  
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