



## INSPIRING WHAT'S NEXT

### CIO OFFICE MORNING MARKET WRAP

3 July 2024

Yesterday, during the ECB retreat at Sintra, Fed Chair Powell mentioned that the latest economic data suggest inflation is getting back on a downward path, but emphasized officials need more evidence before lowering interest rates. He also mentioned “Because the US economy is strong and the labor market is strong, we have the ability to take our time and get this right.” Rate cut bets slightly came down post Powell’s speech. JOLTS Job openings jumped to 8,140K higher than expectations and previous data print. Investors will take guidance from today’s release of FOMC meeting minutes to find clues for future rate actions. ECB President Lagarde on the same forum alluded to the risks of sticky inflation and that it will take more data to be confident that the era of high inflation is over. Meanwhile European Core CPI remained at 2.9% while the Headline CPI declined to 2.5%. These are preliminary prints. French bonds gained amid reports that political parties were maneuvering to block an absolute majority for the far-right after next Sunday’s second-round vote with the 10-year OATs down 3 bps.

Despite stronger JOLTs data, the Treasury yields declined 3-5bp and belly outperformed. Today Treasury is set to announce the mid-month supply for auctions next week. Meanwhile, S&P 500 closed above 5,500 for the first time breaching a key psychological level. Nasdaq also increased by 0.84% to close above 18,000. DM Stocks gained 0.5% and EM stocks lost 0.6%. All the major sectors were in the green except Healthcare and Materials.

Asian shares are broadly positive this morning. Both Nikkei and Hong Kong stocks are up more than 1%. China mainland shares are flat to negative. Japan’s PMI services composite moved into contraction territory coming in at 49.7. Similarly, China’s Caixin Services PMI came in lower than expectations at 51.2 this morning. US treasury yields are flat to overnight levels. The Brent Crude hovers around 86.7 while gold trades at \$2,332. Today’s Turkey June CPI may indicate a slowdown in the inflation from previous month’s print of 75%.

Today we see more labour market data including the ADP Employment Report and the weekly Jobless Claims. ISM Services and the US Services PMI are also due. From Europe we get the Services PMI and the PPI data prints.

Have a good day!

Chief Investment Office  
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