



INSPIRING WHAT'S NEXT

CIO OFFICE MORNING MARKET WRAP

5 June 2024

Significant bond-friendly data has been dominating the market recently. Following weak ISM data on Monday, the JOLTS Job Openings report made a notable impact last night. In April, JOLTS Job Openings disappointed at 8059k, compared to 8355k in March and the 8350k consensus. This decline, the lowest since February 2021, shifted the job openings versus unemployed persons ratio from 1.30 to 1.24. The Quits Rate remained unchanged at 2.2% for the sixth consecutive month, indicating a shift in the job market dynamics. US Treasury benchmark 10-year yields reached a low of 4.31% yesterday before closing slightly higher. The yield curve bull-flattened with the 30-year closing below 4.5%. The swap markets are now pricing in a full rate cut by November, a significant development to keep an eye on.

Both the S&P 500 and Nasdaq 100 edged up slightly, closing in the green. Developed Markets were broadly flat, while EM stocks dipped 1.62%, dragged lower by Indian markets. MSCI India dropped more than 6% after the current ruling party failed to gain an absolute majority, contrary to the exit polls released last weekend. However, the ruling BJP's pre-poll alliance gained enough seats to form a government, which should ensure policy continuity.

This morning, Hong Kong's stocks were positive, led by tech stocks, whereas mainland Chinese shares retreated. Chinese Caixin Services PMI came at 54, firmly showing expansion and above the consensus estimates. Japanese equities are down, with Nikkei at 0.8%. Wage growth in Japan beat estimates and increased at the fastest pace since June 2023. US Treasury yields are stable with 10-year around 4.33%. Gold, which had dropped 1% yesterday, has recovered to trade around \$2,337. Brent Crude hovers at \$77. Meanwhile, according to AK Party officials, Turkey is considering taxing proceeds from investments in stocks and crypto assets in a fiscal tightening push. The lira dropped by more than 1% yesterday.

Today, all eyes will be on ISM Services, which is expected to be in expansion territory, contrary to what the manufacturing survey showed. Apart from that, we will get the MBA Mortgage Applications and ADP Employment Change. From Europe, we will also have the Services PMI.

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