



CIO OFFICE MORNING MARKET WRAP

11 October 2024

Despite higher-than-expected CPI inflation in the US in September, most asset classes were little changed yesterday. Stocks were marginally lower in developed markets and in most emerging markets, except a +2% rebound in China. US Treasury yields ended the session a bit lower, at respectively 3.96 for the 2-year, 3.89 for the 5-year and 4.06 for the 10-year. The dollar was stable, gold added +0.8% to \$2,630 and Brent prices gained \$2.8 to \$79.40.

Both headline and core CPI numbers for the US were a bit stronger than the consensus estimate in September, reaching respectively +2.4% and +3.3% year over year. This is not massive, but another reason for the Fed to be measured. Raphael Bostic said in an interview that he is open to “skipping” a cut. The good news is that market expectations had already adjusted following last week’s job report, and that the weekly jobless claims released yesterday unexpectedly surged to 258k, with the hurricane only explaining a third of the increment. This explains why we didn’t see a bond selloff, especially as the geopolitical context doesn’t help with risk appetite.

Markets in Asia are mixed as we write this morning. Shares are up +0.6% in Japan and +0.2% in Korea, Hong-Kong is closed for a holiday but China’s mainland CSI300 is down -1.6%. Some profit taking from “fast money” continues. Investors are waiting for tomorrow’s briefing from the ministry of finance to get more details on the overall fiscal stimulus package, while measures specifically aimed at companies should be presented on Monday. US Treasury yields are stable in Tokyo trading, gold continues to rise to \$2,642 and oil prices give back a bit of yesterday’s gains.

Today we will look at UK industrial production for August, US PPI inflation report and consumer sentiment, as well as at the quarterly results from JP Morgan and Wells Fargo as the earnings season really kicks off. Have a great end to the week.

Have a great day.

Chief Investment Office
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