



CIO OFFICE MORNING MARKET WRAP

5 July 2024

US Markets were closed yesterday for the Independence Day holidays. However, European markets were broadly positive. The UK and French stocks stood out as the benchmark equity indices in both the countries increased by more than 0.8%. The UK elections were held yesterday and exit poll data indicated a big win for the Labour Party. In the France markets are taking solace from the fact that Marine Le Pen's National Rally will fall short of majority after coming weekend's final round of voting. Developed Market Stocks increased by 0.2% and the Emerging Market Stocks increased by 1.2%. All the sectoral indices were in the green.

After the weak ISM Services and higher than anticipated Jobless Claims releases on Wednesday, today's US NFP Report gains prominence. Bloomberg consensus expects an increase of +190k vs +272k figure for the previous month. The Unemployment Rate is expected to stay at 4%. Average Hourly Earnings is anticipated to increase by a slower pace of 0.3%. Labour Force Participation Rate may increase slightly to 62.6%. Any surprise will lead to outsize moves in the US Treasury yields due to thin liquidity around Holidays.

China's central bank has signed agreements with lenders to have large amount of CGBs at its disposal. PBOC would sell these securities in the open market operations to cool the record-breaking rally in China's Govvies. The central bank sees excessively low yields as endangering financial stability and weighing on the yuan. Chinese markets were broadly negative this morning with Hong Kong and mainland China stocks down nearly 1%. Japan's TOPIX beat another record on Friday after household spending unexpectedly fell 1.8%. Korean stock market Kospi rallied as Samsung's shares rose after its preliminary second-quarter operating profit beat estimates. The bond markets are steady with the US 10-year treasury trading around 4.36%. Gold rallied further to \$2,362. Brent Crude has dropped slightly but still trades at \$87.2.

Apart from the US Jobs data, we see the German and French Industrial Production as well as euro zone retail sales today. Next week, in the data dossier, we have the crucial US CPI for June due on Thursday. Economists expect the Headline CPI growth to drop to 3.1% while the Core CPI is expected to be stable at 3.4%.

Have a good day!

Chief Investment Office
Wealth Management,
Emirates NBD.

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