



CIO OFFICE MORNING MARKET WRAP

14 October 2024

Last week was surprisingly calm after the tumultuous sessions post the September NFP data releases. The US Treasury yield curve bear-steepened. The 2-year remained anchored around 3.9% while the 10-year yields touched 4.1% and the 30-year ended the week at 4.4%. The move index remains high at 118. The week also saw S&P 500 hit a new record high of 5,822 on Friday. S&P 500 and Nasdaq gained over 1% last week. Q3 earning season was off to a strong start. Big bank earnings kicked off with JPMorgan reporting beats on investment banking revenue and managed net interest income. Wells Fargo profit was better than expected on a surge in IB fees, though NII missed.

Emerging Markets took a step back after the breakneck speed of Chinese stock market returns took a breather. Hang Seng Index lost 4% while the mainland stocks gained 5% post the national day holiday reopening. However, China's much anticipated Finance ministry briefing on Saturday was underwhelming. The meeting did not promise any headline dollar figure that the investors were hoping for despite finance minister Lan Fo'an promising more support for the struggling property sector and hinted at greater government borrowing to shore up the economy. Moreover, macro data released on Sunday showed that China's consumer prices rose less than forecast in September, while factory-gate charges fell for a 24th straight month, underscoring the need for further policy support to help the economy break out of deflation. The next briefing is on 14th October when enhanced support for firms are expected.

Meanwhile, Fitch has put France on negative outlook. The 10-year OATs trade above 3% that is 77 bps above the German 10-year Bunds. This morning the Chinese stocks fluctuate with Hong Kong index down 2% while mainland Chinese stocks are up 0.19%. We get the Chinese trade balance today along with Indian CPI today. US Treasury 10-year yields trade at 4.1%. Brent Crude trades 1.2% down at \$78. Gold hovers above \$2,655.

This week the ECB is expected to cut rates by 25 bps on Thursday. This decision comes 5 weeks after the September rate cut. From the US, we will see the Empire Manufacturing on Tuesday and Retail Sales on Thursday. Initial jobless claims and Industrial Production are also due on Thursday. Germany's ZEW survey expectation and ECB's CPI data print will be out on Thursday as well. Japan's CPI releases on Friday. Chinese Q3 GDP and Industrial Production prints come out this Friday.

Have a great week!

Chief Investment Office
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