



Investment Daily

17 July 2024

US stocks rose after upbeat retail sales data and bank earnings

US equities advanced on Tuesday, as retail sales data signalled consumers' resilience and spurred soft-landing hopes. Market sentiment was also helped by some upbeat bank earnings. The S&P 500 ended 0.6% higher. The rotation from mega tech stocks to small-caps and some cyclical sectors continued.

US Treasuries rose (yields fell) despite upbeat retail sales data. 10-year yields fell 7bp to 4.16%.

European stock markets fell on Tuesday, dragged down by further disappointing Q2 earnings. The Euro Stoxx 50 lost 0.7%. The German DAX and the French CAC fell 0.4% and 0.7% respectively. In the UK, the FTSE-100 was down 0.2%.

European government bonds rose (yields fell) ahead of ECB policy decision on Thursday, shrugging off an upside surprise in US retail sales. 10-year German yields fell 4bp to 2.43% while 10-year French yields fell 3bp to 3.08%. In the UK, 10-year gilt yields inched down 5bp to 4.05%.

Asian stock markets traded mixed on Tuesday as investors assessed US political developments and awaited policy signals from China's 3rd plenum. Hong Kong's Hang Seng extended losses, ending down 1.6% amid lingering investor worries over geopolitical risks and the macro outlook. China's Shanghai Composite ended little changed (+0.1%) after the sovereign fund reportedly purchased ETFs in the onshore market. Elsewhere, Japan's Nikkei 225 added 0.2% as India's Sensex was up 0.1%.

Crude oil prices declined on Tuesday, extending Monday's losses amid lingering concerns about the global/China's oil demand outlook. WTI crude for August delivery settled 1.4% lower at USD80.8 a barrel.

US stocks and Treasuries rose after upbeat retail sales

European stocks fell; government bonds rose

Asian stocks were mixed

Key Data Releases and Events

Releases yesterday

US retail sales was unchanged in June, above market expectations. May's data was revised higher, hinting at resilient consumer spending.

In the **euro area**, the **ECB's latest quarterly bank lending survey** revealed improving lending conditions, with households faring better than companies.

Releases due today (17 July 2024)

Country	Indicator	Period	Survey	Prior
UK	CPI (yoy)	Jun	1.9%	2.0%
Indonesia	Central Bank Interest Rate Decision	Jul	6.25%	6.25%
Eurozone	CPI (yoy)	Jun (F)	2.5%	2.5% (P)
US	Housing Starts (mom)	Jun	1.8%	-5.5%
US	Industrial Production (mom)	Jun	0.3%	0.7%

In the **UK**, **CPI** is expected to nudge lower to 1.9% yoy in June from 2.0% yoy in July, as service sector inflation remains sticky amid elevated wage growth.

The **Eurozone's** final June **CPI** data should confirm moderating service sector inflation on a mom basis while goods disinflation persists.

US housing starts are expected to increase to 1.8% mom in June, from a 5.5% mom drop in May. **Industrial production** is forecast to moderate to a 0.3% mom increase in June, after May's 0.7% mom rise.

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