

Investment Daily

25 July 2024



US stocks dropped led by tech sell-off as Treasury yield curve steepened

US equities sold off on Wednesday, after a disappointing start of mega tech's earnings season led to a tumble in technology stocks. The S&P 500 ended 2.3% lower, as the tech-heavy Nasdaq dropped 3.6%.

The **US Treasury yield curve** steepened, amid risk-off sentiment, rising Fed rate-cut expectations, soft economic data, a lacklustre 5-year Treasury debt auction, and a Treasury buyback that accepted no offers. 2-year yields fell 6bp to 4.43%, while 10-year and 30-year yields rose 3bp and 6bp to 4.28% and 4.54% respectively.

European stock markets fell on Wednesday on some disappointing earnings results. The Euro Stoxx 50 fell 1.1%, led by losses in consumer discretionary and technology shares. The German DAX lost 0.9% and the French CAC dropped 1.1%. In the UK, the FTSE-100 fell 0.2%.

European government bonds fell (yields rose) after key PMI survey results showed activity stalling in the region. 10-year German yields flat-lined at 2.44% and 10-year French bond yields nudged higher 2bp to 3.15%. In the UK, 10-year gilt yields rose 3bp to 4.15%.

Asia stock markets traded mostly lower on Wednesday, tracking subdued US markets overnight and as investors weighed some underwhelming US major tech earnings. Japan's Nikkei 225 dropped 1.1%, weighed down by a stronger yen amid investor nervousness ahead of next week's Bank of Japan (BoJ) policy meeting. Elsewhere, Korea's Kospi fell 0.6%. Hong Kong's Hang Seng and China's Shanghai Composite was down 0.9% and 0.5% respectively. India's Sensex also lost 0.3% as investors continued to weigh the hike to capital gains tax from the FY25 Union Budget.

Crude oil prices rose on Wednesday, supported by large declines in US weekly crude and gasoline stockpiles. WTI crude for September delivery settled 0.8% higher at USD77.6 a barrel.

US stocks fell led by big tech sell-off; Treasury yield curve steepened

European stocks and government bonds fell

Asian stocks traded mostly lower

Key Data Releases and Events

Releases yesterday

The **Eurozone composite PMI** came in lower than expected in July, down to 50.1 from 50.9 in June, as a slow expansion in services failed to offset a wider downturn in manufacturing.

The **UK composite PMI** was roughly in line with expectations, rising to 52.7 in July from 52.3 in June, pointing to a continued modest upturn.

In the **US**, the **composite PMI** edged higher to 55.0 in July from 54.8 in June. Meanwhile, **new home sales** fell 0.6% mom in June, after falling 11.3% mom in May.

Releases due today (25 July 2024)

Country	Indicator	Period	Survey	Prior
Germany	IFO Business Climate Index	Jul	88.9	88.6
US	GDP (qoq annualised)	Q2 (P)	2.0%	1.4%

Germany's IFO Business Climate Index is expected to improve slightly to 88.9 in July from 88.6 in June.

US GDP is forecast to edge higher to 2.0% qoq annualized in Q2 from 1.4% in Q1.

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