



Investment Daily

8 January 2025

US stocks fell amid higher Treasury yields on concerns over rate outlook

US stocks fell on Tuesday amid higher Treasury yields on ongoing concerns over the Fed policy outlook. The S&P 500 dropped 1.1%, with the tech-heavy Nasdaq declining 1.9%.

US Treasuries fell (yields rose) as the stronger-than-expected service-sector activity and job openings reinforced market expectation on a slower Fed easing pace. Investors also looked ahead to today's 30-year Treasury debt auction, after a decent 10-year Treasury sales. 10-year yields rose 6bp to 4.69%.

European stock markets rose on Tuesday as investors digested latest US data. The Euro Stoxx 50 closed 0.5% higher. The German DAX and the French CAC both rose 0.6%. In the UK, the FTSE-100 edged down 0.1%.

European government bonds mostly fell (yields rose) on lower US Treasuries. 10-year German yields stayed flat at 2.45%, with 10-year French yields up 4bp to 3.30%. In the UK, 10-year gilt yields were up 7bp to 4.68%.

Asian stock markets broadly rose on Tuesday, led by gains in tech shares amid positive news flow around AI developments. Japan's Nikkei 225 rallied 2%, and Korea's Kospi extended gains to end 0.1% higher. China's Shanghai Composite advanced 0.7%, partially reversing recent declines, whereas Hong Kong's Hang Seng bucked the regional trend to close 1.2% lower amid renewed geopolitical tensions. Elsewhere, India's Sensex added 0.3%.

Crude oil prices advanced on Tuesday amid recent signs of limited supplies and strengthened demand. WTI for February delivery settled 0.9% higher at USD74.3 a barrel.

US stocks fell amid higher Treasury yields

European equities rose; government bonds fell

Asian stocks mostly rose

Key Data Releases and Events

Releases yesterday

In the **US**, the **ISM Services Index** edged up to 54.1 in December from 52.1 in November, above market expectations. The **JOLTS Job Openings** unexpectedly increased to 8.1mn in November, up from 7.74mn in October.

In the **eurozone**, the **HICP flash release** rose to 2.4% yoy in December from 2.2% yoy in November, driven by unfavourable base effects in energy prices. Sticky services inflation left core inflation unchanged.

Releases due today (08 January 2025)

No major releases due today.

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