



## US stocks and Treasuries edged higher before PCE inflation print

**US equities** edged higher on Thursday, as investors digested a batch of mixed economic data releases while awaiting the first US presidential debate and PCE inflation data. The S&P 500 was up 0.1%.

**US Treasuries** rose (yields fell) amid mixed macro data, including a downward revision to Q1 personal consumption, a solid 7-year Treasury debt auction result, and quarter-/month-end portfolio rebalancing flows. 10-year yields slid 4bp to 4.29%.

**European stock markets** were mixed but mostly down on Thursday. The Euro Stoxx 50 fell 0.3%. The German DAX rose 0.3% whereas the French CAC dropped 1.0%. In the UK, the FTSE-100 ended down 0.6%.

**European government bonds** traded sideways ahead of key US inflation data and the first round of French lower house elections on Sunday. 10-year German yields were unchanged at 2.45%. 10-year French yields rose 4bp to 3.27%, with the spread over German peers refreshing the widest level over a decade. In the UK, 10-year gilt yields ended flat at 4.13%.

**Asian stock markets** mostly fell on Thursday before the US presidential debate and the US PCE inflation print. Chinese equities declined on weak industrial profit data. Hong Kong's Hang Seng dropped 2.1%, with China's Shanghai Composite losing 0.9%. Japan's Nikkei 225 shed 0.8% amid lingering concerns over further yen weakness. Elsewhere, India's Sensex bucked the regional trend, closing 0.7% higher.

**Crude oil prices** extended gains on Thursday on worries about global crude supply due to geopolitical risks in Middle East and Europe. WTI crude for August delivery settled 1.0% higher at USD81.7 a barrel.

**US stocks and Treasuries were higher before PCE data**

**European stocks fell; government bonds ended little changed**

**Asian stocks mostly declined**

## Key Data Releases and Events

### Releases yesterday

The **Swedish central bank**, Riksbank, left its policy rate unchanged at 3.75% but signaled 2 to 3 rate cuts in H2 2024 provided that the recent favourable trend in inflation continues.

In the **US**, Q1 **GDP** was revised higher 0.1% to a 1.4% qoq annualised rate, in line with market expectations. **Pending home sales** fell 2.1% mom in May, from a downwardly revised 7.7% mom decline in April, below market consensus and pointing to a further decline in new home sales in the near-term. **Durable goods orders** increased 0.1% mom in May after a downwardly-revised 0.2% mom rise in April, hinting at softer equipment investment in Q2 2024.

### Releases due today (28 June 2024)

Country	Indicator	Period	Survey	Prior
Japan	Tokyo CPI excluding fresh food & energy (yoy)	Jun	1.7%	1.7%
UK	GDP (qoq)	Q1 (S)	0.6%	0.6% (P)
US	Core PCE inflation (yoy)	May	2.6%	2.8%
US	University of Michigan Consumer Confidence Index	Jun (F)	66.0	65.6 (P)

In **Japan**, **Tokyo CPI excluding fresh food and energy** edged up to 1.8% yoy in June from 1.7% yoy in May, slightly above the market consensus of 1.7% yoy.

**US core PCE** inflation, the Fed's favoured inflation gauge, is expected to decline to 2.6% yoy in May from 2.8% yoy in April.

**US University of Michigan consumer confidence index** is forecast to be revised up to 66.0 from a preliminary estimate of 65.6.

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