



▲ China's exports grew 10.7% annually in June.

Morning Macro Briefing: 12/07/2024

Author: Thomas Larner

- Across-the-board beat on US CPI boosts hopes of a September cut.
- Chinese car exports rose 18% y/y.
- Big banks to report earnings today in the unofficial start to Q2 earnings season.

Markets

	Price	% Ch
S&P 500	5,584.54	▼ 0.88%
NASDAQ	18,283.41	▼ 1.95%
FTSE 100	8,223.34	▲ 0.36%
Stoxx 50	4,976.13	▲ 0.35%
Oil (Brent)	85.40	▲ 0.38%
Gold	2,414.08	▲ 1.79%
Copper	7,564.80	▼ 1.56%

Market close 11/07/2024

Economic Calendar

Friday

US PPI

Upcoming Earnings

Friday

JPMorgan Chase; Wells Fargo; Citi; BNY Mellon

Headlines

- **US CPI fell by more than the consensus forecast in an across-the-board beat...** Annual CPI growth fell to 3% for the first time since June 2023 as monthly prices declined by 0.1% - the first decline in CPI since 2020. Core CPI, which excludes volatile items from the basket of goods, also came in lower than forecast. LSEG data now shows a 100% likelihood of a September cut from the FOMC, up from 72% earlier this week. Investors believe that this CPI reading could be the [missing evidence the Fed has been looking for](#).

Treasury yields were down across the curve and the dollar was down 0.6% when compared with a basket of currencies. The S&P 500 was surprisingly down by 0.88%, driven by investors rotating out of magnificent seven stocks into smaller-cap companies. The Russel 2000, an index of small-caps, was up 3.57% yesterday.

- **Chinese exports grew while imports fell in June...** Imports fell by 2.3% annually in June amid a broader decline in demand in the country. Exports, on the other hand, grew by 10.7%, beating estimates. Trade with Brazil grew 24.4% in the first half of the year and car exports rose 18% y/y as Western countries [continue to face competition from cheaper Chinese electric vehicles](#).

- **GBP/USD reaches highest level in a year...** Buoyed by [higher-than-expected GDP data](#) yesterday, the pound hit 1.2947 against the dollar, the highest level in a year. A soft US CPI reading led to a broad decline in the dollar, helping to push up GBP/USD.

Earnings

Today marks the start of the Q2 earnings season with major banks set to report.

- **PepsiCo** earnings beat Street estimates yesterday, despite missing on revenue as the firm faces weakening demand in the US. PepsiCo offered a more cautious outlook for the second half of 2024.
- **Delta** shares were down 4% yesterday as the company offered an underwhelming summer outlook and faced a drop in net income of 30% in Q2.

Fig 1: US Treasury Yields

T 4 ½ 06/26	2Y	4.519	-10.1
T 4 ¾ 07/27	3Y	4.283	-10.4
T 4 ¼ 06/29	5Y	4.137	-10.0
T 4 ¼ 06/31	7Y	4.148	-9.4
T 4 ¾ 05/34	10Y	4.206	-7.8
T 4 ¾ 05/44	20Y	4.518	-6.3
T 4 ¾ 05/54	30Y	4.422	-5.5

Source: Bloomberg

Disclaimer:

Briefly Macro is not authorised by the Financial Services Authority of England. The information and/or data in this document is provided by us for your general information only and is not intended for trading purposes or to address your particular financial or other requirements.

Any research or data in this document is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. All market prices, data and other information are not warranted as to completeness or accuracy and are subject to change without notice.

Briefly Macro disclaims any responsibility or liability to the fullest extent permitted by applicable law, for any loss or damage arising from any reliance on or use of the data in any way.

The information, opinions, estimates and forecasts contained within this report are as of the date stated on the report and are subject to change without prior notification.

Our research is not investment research and should not be construed as an offer or solicitation to buy, sell or trade in any of the investments, sectors or asset classes mentioned. The value of any investment and the income arising from it is not guaranteed and can fall as well as rise, so that you may not get back the amount you originally invested. Past performance is not an indicator of future returns. Movements in exchange rates can have an adverse effect on the value, price or income of any non-sterling denominated investment. Nothing in this document constitutes advice to undertake a transaction nor should it be construed as investment, tax, legal, accounting, regulatory or other advice or as creating a fiduciary relationship. If you require professional advice, you should contact a financial adviser.

Please e-mail support@brieflymacro.com if you have any queries about this, or any of our publications.