



▲ The Bank of England cut its benchmark bank rate by 0.25% as inflation remained at its 2% target in June.

Markets

	Price	% Ch
S&P 500	5,446.68	▼ 1.37%
NASDAQ	17,194.14	▼ 2.30%
FTSE 100	8,283.36	▼ 1.01%
Stoxx 50	4,765.72	▼ 2.20%
Oil (Brent)	80.24	▼ 0.51%
Gold	2,445.72	▲ 0.90%
Copper	7,058.78	▼ 1.84%

Market close 01/08/2024

Economic Calendar

Friday

Swiss CPI, US Jobs Data

Upcoming Earnings

Friday

ExxonMobil, Chevron

Morning Macro Briefing: 02/08/2024

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- Bank of England cuts rates to 5%.
- Traders expect one to two more cuts from the BoE in 2024.
- US business activity falls again in June, according to PMI.

Headlines

- BREAKING: Bank of England cuts rates to 5%...** Yesterday, the BoE voted 5-4 to cut rates for the first time since 2020, trimming its benchmark rate by 0.25%. This is after UK CPI hit the central bank's target in [May](#) and remained at 2% in [June](#). Traders had previously [discounted the prospect of an August rate cut](#) as services inflation has remained sticky in recent months. BoE governor Andrew Bailey warned that further rate cuts were not inevitable, stressing in the post-meeting press conference that services inflation still remained high. Traders now expect one or two more cuts in the rest of the year.

Market reaction

GBP fell 0.75% on the day against the dollar after the cut – this comes after the Fed chose to [hold rates on Wednesday](#). 2Y gilt yields fell to 3.717% - a level not seen since May 2023 and the FTSE 100 finished the session down 1.01%.

- US PMI disappoints as business activity contracts at a faster pace...** July manufacturing PMI in the States fell to 46.8, below June's reading of 48.5 and a far cry from the estimated figure of 48.8. The employment index fell to 43.4 from 49.31 in June, a drastic fall that confirms the [worries about a weakening labour market in the US](#). The dollar sold off on the news.

In other news:

- EU unemployment grew to 6.5% in June, up from 6.4% in May. Economists said it was unlikely for unemployment to take off in the euro area.
- Yields on 10Y Treasury bonds fell below 4% after renewed expectations of a September rate cut, high weekly jobless claims (moving higher to 249k) and geopolitics caused a move to safer assets.
- Japanese stocks fell as much as 5% this morning, mirroring US stocks.

Earnings

- Apple** beat revenue and profit guidance as revenue returned to growth. There are high expectations for sales of its upcoming iPhone 16
- Amazon's** EPS beat but missed on revenue and offered a weak outlook. AWS revenues beat analyst expectations, however.
- Shell** signalled the end of the energy crisis in Europe as volatility returns to pre-Russia-Ukraine war levels. The firm beat earnings expectations in Q2.
- Barclays** looks to grow its market share in the US as profit fell year-on-year after a fall in net interest income.

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