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## Daily Market Overview

January 25, 2023

### Overnight Headlines:

- The Fed's quantitative-tightening program risks ending early if the debt limit issue remains unresolved. The Fed has been complementing its rate hike program by offloading up to \$95 billion from its bond portfolio per month to help fight inflation. However, dynamics triggered by the debt limit later this year may bring forward the end of QT by causing a more rapid shrinking of commercial banks' reserves.
- Germany is expected to approve Polish exports of German-made Leopard Tanks to Ukraine as soon as Wednesday. The US is expected to send Abrams M1 tanks to help bolster Kyiv's defences soon too. These moves come after President Volodymyr Zelenskyy dismissed ten senior political figures following corruption allegations.
- The NYSE and SEC are investigating a "technical issue" that caused wild swings in the prices of dozens of shares when the market opened on Tuesday. These swings spanned up to 25 percentage points peak-to-trough in some large-cap names.

Please click on the following links to view today's indicative pricing sheets:

[CitiFirst MINIs and GSL MINIs \(PDF\)](#)

[CitiFirst MINIs and GSL MINIs \(excel\)](#)

[CitiFirst Instalment MINIs \(PDF\)](#)

### Top Traded Warrants By Value and Volume From Last Trading Day

Warrant Code	Value	Citi	Warrant Code	Volume	Citi
<b>FXUKCW</b>	\$2,594,250	Citi Sells	<b>FXUKCW</b>	540,000	Citi Sells
<b>SPFKCS</b>	\$656,722	Citi Buys	<b>SPFKCS</b>	203,050	Citi Buys
<b>XJOKCP</b>	\$376,343	Citi Buys	<b>PLSKOD</b>	162,834	Citi Buys
<b>PLSKOD</b>	\$374,117	Citi Buys	<b>CXOKCA</b>	159,004	Citi Buys

**NDXKCY**      \$321,993      Citi Buys      **ZIPKOG**      131,600      Citi Sells

### Stopped Out Warrants:

Warrant Code	Strike	Stop Loss	Remaining Value	Stop Loss Date	Final Listing Date
<b>AKEKCT</b>	18.115	13.6	4.47	24/01/2023	27/01/2023
<b>NDXKCY</b>	12585.7	11992	8.4	25/01/2023	27/01/2023
<b>NSTKOR</b>	16.069	12.86	3.2	24/01/2023	27/01/2023

### Overnight Summary:

**RATES**

**AUS 3yr 97.00 (+6.0bp) | AUS 10yr 96.61 (+7.5bp) | US 10yr 3.46 (-5.0bp) | Bund 10yr 2.16 (-5.1bp)**

- Treasuries advanced overnight bull flattening on the back of a fall in the Richmond Fed’s manufacturing index (-11 v. -5 consensus), however underperformed European bonds as US PMI saw improvement in manufacturing and services (manufacturing 46.8 v. 46.0 consensus and services 46.6 v. 45.0 consensus). The 2y and 10y richened by -1.50bps and -4.61bps to 4.21% and 3.46% respectively making the 2s10s bull flatten by -3.12bps. Real money buying saw the 2s5s10s belly richen -1.01 bps for the first session in a week. Despite the uptick in input cost inflation due in part to upward wage pressures, the SFR strip still implied cuts of 150bps in 2024.
- European bonds rallied overnight on the back of weaker than expected economic data. Bunds advanced slightly bull flattening as the German government expects economic growth to grow by 0.2% in 2023 (v. 0.4% prediction in October). German manufacturing PMI was slower than expected (47.0 v. 48.0 consensus) whilst services PMI surprised on the upside with a slight expansion (50.4 v. 49.5 consensus). The 2y and 10y richened by -5.15bps and -5.22bps to 2.53% and 2.15% respectively. BTPs outperformed narrowing the BTP-bund spread by 6bps to 176bps. BTP 2s10s bull flattened by 2.56bps to 97.81bps on the back of more dovish ECB speaker Panetta saying the ECB should not commit to guidance beyond February and forecasts in March will require re-evaluation based on a data-driven approach. Gilts outperformed bunds led by the belly on the back of weaker than expected UK services PMI (48.0 v. 49.5 consensus) and a widening UK budget deficit. The 2s5s10s fly belly richened by 1.97bps whilst the 2y and 10y richened by -8.28bps and -8.48bps to 3.35% and 3.27% respectively.

- Aussie bond futures richened overnight bear flattening with the 3y becoming 6.0bps richer and the 10y becoming 7.5 bps richer to 3.00% and 3.39% respectively.

## EQUITIES

S&P500 4,014.50 (-0.13%) | Stoxx600 453.38 (-0.24%) | FTSE100 7,757.36 (-0.35%)

- US stocks slip as sentiment diverges on global economic outlook with earnings seasoning continuing with mixed results. At time of writing, the S&P500 is mostly flat at +0.03% growth, the Dow is up +0.43% and the Nasdaq has dipped -0.11%. Industrials and Utilities lead the S&P500, while Communication Services and Health Care is in the red. In company news, Paccar gains as much as +7.43% to a new all-time high as their broadly better than expected fourth quarter results has raised heavy-truck outlook. Travelers Cos. rises as much as +3.2% after the insurer of consumer and personal property released stronger than expected yet commercially weaker fiscal fourth-quarter earnings. 3M moved on disappointing guidance, with shares sinking as much as -5.4% as the company's 2023 profit forecast missed the average analyst estimate. 3M expects macroeconomic challenges to persist this year as they pointed to a December softening in consumer electronics and consumer retail, along with China headwinds, leading to lower organic sales. Union Pacific Corp. reported profit below expectations, citing disruptions from winter storms driving up costs even as the company hauled more goods and charged more per carload from a year earlier, seeing the shares decline -2.7%.
- European equities fell following mixed corporate earnings with the Stoxx600 closing -0.24% lower. Energy and Health Care were the biggest laggards closing -1.13% and -1.12% lower respectively. Of the 11 GICs, 5 closed in the green led by Financials, up +0.70%. Among individual stocks, AstraZeneca fell -2.97% as the firm partnered with Thermo Fisher Scientific to develop solid tissue and blood-based companion diagnostic tests. Under the new partnership, AstraZeneca aims to deliver next-generation sequencing results in under 24 hours. Glencore fell -2.16% with the firm considering processing mineral resources in the Philippines. This would involve refining the country's extensive nickel production. On the upside, LVMH increased +0.85% with investors optimistic about luxury growth prospects in China ahead of the firm's results on Thursday. In London, the FTSE100 closed -0.35% lower with Health Care the biggest laggard, down -2.54%.

## FOREIGN EXCHANGE

AUDUSD 0.7044 (-0.01%) | DXY 101.964 (+0.10%) | EURUSD 1.0878 (-0.06%)

- Last night saw continued choppy trading for the dollar as traders digested the release of several PMI data prints that reinforce signs of US stabilisation.

Following the data print, the initial reaction was a rise in the USD strength across all G10 currencies, which quickly turned into another opportunity to sell the USD. While this is reflected in the USDJPY down -0.05%, the DXY currently trades slightly higher at +0.10%.

- Antipodean currencies traded lower off the back of the USD rally but is now sitting relatively flat as the market waits for the CPI print of the Aussie and Kiwi later today. The Aussie is trading at -0.01% (0.7044) and the NZD is trading at -0.06% (0.6507).
- The Sterling slipped overnight to 1.22331 (-0.51%) as data showed that the UK output fell at the sharpest pace in two years (PMI fell to 48.0 compared to consensus 49.5) whilst manufacturing PMI rose to 46.7. Eurozone area manufacturing PMI showed an improvement from 47.8 in December to 48.8 in January, with the Euro Area Services PMI increasing from 49.8 to 50.7. Both reports exceeded analysts' forecasts but did not provide significant support to the Euro, with no large trading movements after the data release. The Euro currently trades -0.06% lower.

#### CREDIT

**US IG39 71.90 (+0.0bp) | US HY39 102.58 (+0.04pts) | Itraxx Main 38 78.93 (+0.19bp) | Xover 38 416.07 (+3.09bp)**

- Five IG issuers sold new debt into the US market overnight, raising a total of \$9.25b in another strong session following yesterday's issuance. The two-day deal totals are well on track to exceed the \$20b of dealer's issuance estimates for the week. Secondary credit markets sat little changed throughout the US session with earnings driving price action. Our NY trading desk sees mixed performance from here out following credit underperforming equities. HY names were flat to 0.25 up on rates rally. New paper did well, while high quality BB saw demand with low quality single B better for sale, according to our NY desk. Both the US IG39 and the US HY39 were little changed overnight.
- In Europe, 6 issuers sold a total of €10.43b worth of new debt on strong demand, with the order book close to 5x as large as total supply. Total EU issuance for the year broke a previous record for January set in 2020, hitting €244 billion overnight with a week of the month still left. Volumes remained strong in HY overnight, with our desk trading +180MM. HY cash closed unch to +0.25pt on good two-way flows, while XO widened by 3bps. The Itraxx 38 was little changed.

#### COMMODITIES

**Gold 1,936.47 (-0.01%) | WTI 80.02 (-1.84%) | Copper 4.22 (-0.45%) ^**

- Energy: Oil took a tumble overnight as concerns over a global economic slowdown which would affect the demand for oil started to grow. Disappointing earnings

results from multiple US companies signalled a potentially difficult short-term outlook, causing Brent to fall -2.14% to \$86.06/bbl and WTI by -1.84% to \$80.02/bbl. Natural gas also sold off heavily, declining -5.86%.

- Metals: Gold was just about flat overnight as traders assessed the rate hike path of the Fed. As such, gold ended up losing only -0.01%, bringing its price to \$1,936.47/ounce. Silver, however, was slightly up, gaining +0.39% to \$23.69/ounce. Nickel, zinc and aluminium also gained overnight, rising +2.39%, +0.23% and +0.53% respectively. Copper, however, declined by -0.45%.
- Agriculture: Some concerns arose over the future government demand for wheat given its record high prices. Wheat, however, continued to move strongly upwards, gaining +1.88% overnight. Recent rain has also been beneficial for agriculture, with the rain bringing some relief to farmers by enhancing farming conditions, allowing for the facilitation of greater crop growth and development. As such, Corn rose +1.65%, whilst soybeans were flat, slipping only -0.07%.

**KEY DATA INDICATORS**

<b>Equities</b>				
International	Last	% Chg	% Chg m/m	% Chg MTD
S&P500	4,015	-0.13	4.41	4.56
Dow Jones	33,735	0.31	1.60	1.77
NASDAQ	11,343	-0.19	8.05	8.37
Stoxx600	453	-0.24	6.07	6.71
FTSE100	7,757	-0.35	3.81	4.10
CBOE VIX	19	-3.43	-8.34	-11.72
SPI200 Futures	7,422	-0.17	5.29	6.15
Australian	Last	% Chg	% Chg m/m	% Chg MTD
ASX 200	7,490	0.44	5.38	6.42
ASX 300	7,460	0.44	5.51	6.53
All Ordinaries	7,710	0.47	5.80	6.77
ASX Small Ords	3,022	0.64	7.74	8.01
FX **	Last	% Chg	% Chg m/m	% Chg MTD
AUDUSD	0.7044	-0.01	4.71	3.39
NZDUSD	0.6507	-0.06	3.33	2.47
DXY	101.964	0.10	-2.25	-1.51
EURUSD	1.0878	-0.06	2.27	1.62
GBPUSD	1.2331	-0.51	2.23	2.05
USDJPY	130.07	-0.05	-2.11	-0.80
<b>Commodities</b>				
Energy	Last	% Chg	% Chg m/m	% Chg MTD
Oil (Brent)	86.06	-2.14	1.85	0.17
Oil (WTI)	80.02	-1.84	0.48	-0.53
Metals	Last	% Chg	% Chg m/m	% Chg MTD
Spot Gold	1,936.47	-0.01	7.69	6.17
Spot Silver	23.69	0.39	-0.19	-1.11
Fe 62% Fines	123.90	-1.41	13.09	6.70
Cu ^	4.22	-0.45	12.05	11.75
Ni ^	13.06	2.39	-4.86	-6.45
Zn ^	1.56	0.23	15.36	15.07
Al ^	1.20	0.53	10.34	10.87
Credit	Last	BP chg	BP chg m/m	BP chg MTD
iTraxx Main 38	78.93	0.19	-14.3	-11.4
US IG39	71.90	0.01	-9.4	-10.1
<b>Rates</b>				
Futures	Last	BP chg	BP chg m/m	BP chg MTD
Aust 10s Futures	96.61	7.50	45.0	68.0
Aust 3s Futures	97.00	6.00	39.0	59.0
Govt Bonds	Last	BP chg	BP chg m/m	BP chg MTD
US 10s	3.46	-4.97	-28.7	-41.5
Bund 10s	2.16	-5.10	-24.8	-41.6
Gilt 10s	3.28	-8.30	-36.0	-39.5
Portuguese 10s	3.01	-7.10	-38.8	-57.2
Italian BTPs	3.92	-11.20	-58.8	-79.9
Greek 10s	4.25	4.00	-32.6	-37.4
Spanish 10s	3.10	-7.50	-37.4	-56.4
Japanese 10s	0.40	-2.20	-2.8	-5.8
Spread	Last	BP chg	BP chg m/m	BP chg MTD
Aus 3s/10s	0.39	-1.50	-6.00	-9.00
Bills/Libor 3m	-6.25	0.38	4.59	0.25
Bills/Libor 3y	2.25	0.25	0.75	0.50
Bills/Libor 10y	12.00	0.25	1.88	2.13

\*At time of writing

Source: Bloomberg

## CitiFirst Warrants

1300 30 70 70

[citifirst.warrants@citi.com](mailto:citifirst.warrants@citi.com)

For further information please contact the CitiFirst Sales desk on 1300 30 70 70. To unsubscribe, please email [citifirst.warrants@citi.com](mailto:citifirst.warrants@citi.com).

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