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Daily Market Overview

September 23, 2024

Overnight Headlines:

- The US is increasingly alarmed by the growing cooperation between Russia, China, Iran, and North Korea. As these nations strengthen their ties, American global influence faces mounting challenges, prompting officials to reassess strategies to maintain dominance in an evolving geopolitical landscape ([BBG](#)).
- Taiwan Semiconductor Manufacturing Co. and Samsung Electronics are reportedly considering the establishment of major chip manufacturing facilities in the United Arab Emirates, driven by the booming artificial intelligence sector. Recent visits by TSMC executives aim to explore possibilities for a plant complex that could rival their advanced operations in Taiwan ([BBG](#)).
- Anura Dissanayake emerged victorious in Sri Lanka's presidential election, securing 42.3% of the vote, totalling approximately 5.74 million ballots after preferences. His main competitor, Sajith Premadasa, received 32.8%, while Ranil Wickremesinghe garnered 17.3%. Dissanayake's campaign focused on tackling corruption and renegotiating the country's IMF bailout terms ([BBG](#)).

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 |
|--------------|-------------|------------|--------------|---------|------------|
| NDXKON | \$1,847,300 | Citi Sells | DEGKOA | 357,337 | Citi Sells |
| XJOMCT | \$287,232 | Citi Buys | ALXJCA | 200,000 | Citi Sells |
| CSLKOG | \$201,233 | Citi Buys | CHNKOA | 114,000 | Citi Buys |
| DEGKOA | \$150,441 | Intraday | CBAWOR | 110,000 | Citi Sells |
| XJOKCC | \$147,128 | Citi Buys | NDXKON | 65,000 | Citi Sells |

Stopped Out Warrants:

| Warrant Code | Strike | Stop Loss | Remaining Value | Stop Loss Date | Final Listing Date |
|--------------|------------|-----------|-----------------|----------------|--------------------|
| NABKOT | 45.2028 | 39.77 | \$5.440 | 20/09/2024 | 24/09/2024 |
| NDXKCX | 21188.5362 | 20187 | \$14.670 | 20/09/2024 | 24/09/2024 |

Overnight Summary:

| RATES | |
|---|--|
| AUS 3yr 96.55 (-3.0bp) AUS 10yr 96.04 (-3.0bp) US 10yr 3.74 (+2.8bp) Bund 10yr 2.21 (+1.0bp) | |
| <ul style="list-style-type: none"> US: US treasuries ended Friday higher at day end. The steepening continued after Waller said that another 50bps cut could be warranted if the job market worsens or if inflation is too low, with both the 2s10s and 5s30s reaching session highs. Fed dated OIS priced in 36bps of cuts to November and 73bps to year end, compared to 71bps on Thursday's close. Block trades weighed on the front end with a \$500k/DV01 SOFR futures trade and a \$845k/DV01 ultra bond futures sale weighing on the long end. 2y treasuries ended +0.97bps higher to 3.591% and the 10y ended +2.82bps to 3.741% (BBG). EU: European bonds declined, with the market digesting central bank decisions for the week. ECB rate wagers sit at 5bps for October and 37bps by year end. 10y bunds ended 7bps higher on the week, up +0.94bps on the day to 2.206%. The OAT-bund spread widened 2bps to 76bps after reports of the French budget deficit could reach 6% of its economic output without new measures to curb spending. BTP-bund spread also tightened by -1bp to 135bps. BOE rate cut wagers priced 40bps to year end 157bps to next year end. 5y gilts outperformed down -0.28bps to 3.741% and the 10y ended higher by +1.09bps to 3.901% (BBG). AU: Aussie bond futures declined with the 3y and 10y price down -3bps. | |
| EQUITIES | |
| S&P500 5,702.55 (-0.19%) Stoxx600 514.26 (-1.42%) FTSE100 8,229.99 (-1.19%) | |

- US equities fell on Friday following a strong session the previous day that was fuelled by an upsized rate cut. The S&P500 (-0.19%) and NASDAQ (-0.36%) both fell while the Dow (+0.09%) eked out a gain to close at a record high. On the S&P500, Utilities (+2.69%) was the top performing GICS sector while Industrials (-0.69%) led declines. Gains in the Utilities sector was led by a +22.29% rise in Constellation Energy after the company signed a data center deal with Microsoft to help bring a unit of the Three Mile Island nuclear plant back online. Constellation plans on spending \$1.6bn on the plant which is expected to be operational by 2028 ([BBG](#)). Nike (+6.84%) rose after announcing former senior executive Elliott Hill will rejoin the company to succeed John Donahoe as CEO ([WSJ](#)). Intel (+3.31%) also gained on media reports Qualcomm had made a takeover approach to the chip maker ([WSJ](#)). Among decliners was FedEx (-15.23%) which lowered its full-year revenue forecast as its customers continued to trade down from speedy, pricey delivery to cheaper, slower options. The company now expects revenue for fiscal 2025 to grow by a low single-digit percentage. It previously called for low-to-mid single-digit percentage growth ([Reuters](#)).
- European shares retraced much of Thursday's gain with the Stoxx600 falling -1.42% on Friday. Utilities (+0.58%) was the only GICS sector to gain on the Stoxx600 while Information Technology (-2.76%) led losses. Among individual names, Mercedes-Benz (-6.81%) declined after cutting its full-year profit margin target for the second time in less than two month. Shares fell to the lowest level in two years with profit margin for 2024 expected to be between 7.5% and 8.5%, down from 10% to 11% previously ([Reuters](#)). Novo Nordisk (-5.37%) fell after results from a Phase 2a trial of its obesity pill monlunabant came in below expectations. The company previously expected the drug to achieve a weight loss of 15% of body weight, but headline results showed the pill results in only 6.5% of weight loss after 16 weeks ([Reuters](#)). DHL (-4.37%) fell following FedEx's disappointing results.

FOREIGN EXCHANGE

AUDUSD 0.6807 (-0.19%) | DXY 100.723 (+0.16%) | EURUSD 1.1162 (-0.13%)

- The dollar was +0.16% higher on Friday night, despite a dovish Waller hitting the wires, stating that "inflation data during blackout pushed me towards a big cut...Inflation is softening much faster than I expected." Meanwhile Bowman said that her -25bp dissent vote was because of "solid growth" in spending data ([Citi](#)). USDJPY was +0.54% higher following the BoJ's decision to hold rates on Friday. Governor Ueda struck a mildly dovish tone suggesting upside risks to inflation had receded. To our macro strategist however, this is just a temporary set-back to higher JPY front-end yields and FX. Focus now shifts to the LDP election next week, where polls show Sanae Takaichi gaining ground, which was likely another driver of yen weakness as she is seen as most likely to prefer status quo Abe-era policies, including super-loose monetary policy ([Citi](#)).
- AUDUSD was -0.19% lower on Friday, though closed the week above 0.6780/6800, indicating to our trader that further gains may be on the horizon. The RBA is expected to take a hawkish pause at its meeting this week, regardless of the outcome of local CPI data, which could offer fundamental support for the Aussie. Next resistance level is around 0.6850 (Dec 2023 highs) ([Citi](#)). Meanwhile, the Kiwi was in sync, down -0.19%.
- The EUR declined -0.13% to 1.1162. A range of events have the potential to generate moves in the currency this week, with our economists expect a new bout of 'Autumn

Blues', with EU inflation forecast to come in at 1.8% (vs 1.9% for Oct) in what would be a repeat of the weakness in core price dynamics observed at the end of 2023 ([Citi](#)). The CPI softness could keep EUR suppressed, and we remind that our FX strategists are short EURUSD, targeting 1.08 and potentially lower, with a stop at 1.1250 ([Citi](#)). Finally, the pound was -0.08% lower.

COMMODITIES

Gold 2,621.88 (+0.56%) | WTI 71.00 (+100.00%) | Copper 9476.00 (-0.40%) ^

- Energy: Oil prices ended lower on Friday but still posted over a 4% gain for the week, marking a second consecutive week of growth. This was driven by a US interest rate cut and a decrease in supply. Brent futures settled down 0.52% at \$74.49/bbl, while WTI futures fell 0.4% to \$71.92/bbl ([Reuters](#), [Reuters](#)). In geopolitical developments, Ukraine's foreign minister warned on Saturday that Russia is planning strikes on Ukrainian nuclear facilities ahead of winter ([Reuters](#)). Additionally, the U.S. Commodity Futures Trading Commission approved the first guidelines for trading voluntary carbon credit derivative contracts, aiming to support the developing market ([Reuters](#)).
- Metals: Gold maintained its weekly gains, reaching a record high of \$2,614/oz on Friday. Precious metals were supported by the Federal Reserve's decision to cut US interest rates by 50 basis points, leading to a decline in the USD and boosting demand for USD-denominated assets ([Reuters](#)).
- Agriculture: Central Europe experienced its worst flooding in two decades, causing extensive damage from Romania to Poland and severely impacting farmers' crops ([Reuters](#)).

| Overnight Summary | | | | | |
|---------------------------|------------|-----------|--------|--------|---------|
| | Last Price | 1d (net) | 1d (%) | 1m (%) | YTD (%) |
| Equities | | | | | |
| S&P 500 | 5,702.55 | -11.09 | -0.2% | 1.2% | 19.6% |
| Nasdaq | 17,948.32 | -65.66 | -0.4% | 0.4% | 19.6% |
| Dow Jones | 42,063.36 | 38.17 | 0.1% | 2.2% | 11.6% |
| Euro Stoxx 50 | 4,871.54 | -71.84 | -1.5% | -0.8% | 7.7% |
| FTSE100 | 8,229.99 | -98.73 | -1.2% | -1.2% | 6.4% |
| TOPIX | 2,642.35 | 25.48 | 1.0% | -1.6% | 11.7% |
| KOSPI | 2,593.37 | 12.57 | 0.5% | -4.0% | -2.3% |
| Shanghai Comp | 2,736.81 | 0.79 | 0.0% | -4.1% | -8.0% |
| ASX200 Futures | 8,190.00 | -68.00 | -0.8% | 2.6% | 8.0% |
| VIX Index | 16.15 | -0.18 | | | |
| Foreign Exchange | | | | | |
| DXV | 100.7230 | 0.17 | 0.2% | -0.7% | -0.6% |
| AUDUSD | 0.6806 | 0.00 | -0.2% | 0.2% | -0.1% |
| EURUSD | 1.1162 | 0.00 | -0.1% | -0.3% | 1.1% |
| GBPUSD | 1.3321 | 0.00 | 0.0% | 0.8% | 4.6% |
| USDJPY | 143.8800 | 0.89 | 0.6% | 0.3% | -2.0% |
| USDCHE | 0.8502 | 0.00 | 0.4% | -0.3% | -1.0% |
| Fixed Income - 10y | | | | | |
| | % | bps | | bps | bps |
| Aus (Fut.) | 3.97% | 3.00 | | 4.00 | 0.00 |
| United States | 3.74% | 2.72 | | -5.76 | -13.77 |
| United Kingdom | 3.90% | 1.08 | | -0.97 | 37.17 |
| Germany | 2.20% | 0.93 | | -1.78 | 18.42 |
| France | 2.96% | 3.17 | | 3.25 | 40.63 |
| Italy | 3.55% | -0.08 | | -1.32 | -13.79 |
| Commodities | | | | | |
| WTI Crude | 71.00 | -0.16 | -0.2% | -4.1% | -0.9% |
| Brent Crude | 74.49 | -0.39 | -0.5% | -3.5% | -3.3% |
| Copper c/lb | 428.15 | -0.45 | -0.1% | 3.0% | 10.1% |
| Nickel | 16,510.00 | 177.00 | 1.1% | -3.1% | -0.6% |
| Zinc US\$/mt | 2,874.00 | -55.50 | -1.9% | 2.5% | 8.1% |
| Aluminium US\$/mt | 2,485.00 | -54.50 | -2.1% | -0.7% | 4.2% |
| Iron Ore US\$/mt | 91.70 | -0.27 | -0.3% | -6.0% | -32.8% |
| Gold US\$/oz t | 2,621.88 | 15.75 | 0.6% | 4.3% | 27.1% |
| Silver US\$/oz t | 31.18 | 0.04 | 0.1% | 5.9% | 31.0% |
| Bitcoin USD | 63,119.76 | -90.86 | -0.1% | -0.9% | 48.5% |
| Lithium (ETF) | 36.77 | -0.86 | -2.3% | -0.5% | -27.8% |
| DLCs | | | | | |
| | Last Price | Aud Price | | | Spread |
| Rio PLC | 4,802.50 | 94.01 | -2.2% | 0.4% | 20.2% |
| South 32 - Lon | 160.70 | 3.15 | -2.1% | 3.9% | 1.7% |
| South 32 - J'burg | 3,722.00 | 3.13 | -2.1% | 1.6% | 2.2% |
| Virgin Money | 217.00 | 4.25 | -0.1% | 0.7% | -0.4% |
| NWS A | 26.34 | 38.70 | -0.8% | -5.4% | 6.1% |
| ADRs | | | | | |
| | Last Price | Aud Price | | | Spread |
| BHP | 53.79 | 39.52 | -2.5% | -0.9% | 2.1% |
| Rio | 63.57 | 93.40 | -2.5% | 1.3% | 21.0% |
| CSL | 99.58 | 292.62 | -1.2% | -3.7% | 0.3% |
| James Hardie | 42.00 | 61.71 | 8.5% | 24.3% | -6.2% |
| ResMed | 244.94 | 35.99 | 0.8% | 9.6% | 1.2% |
| Amcor | 10.90 | 16.02 | -1.9% | -0.3% | 1.2% |
| Square | 67.46 | 99.12 | -1.7% | 5.7% | 1.7% |

*At time of writing

Source: Bloomberg

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