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Daily Market Overview

September 24, 2024

Overnight Headlines:

- Several Federal Reserve officials indicated that additional significant interest-rate cuts might be possible, emphasizing the current rates' impact on the U.S. economy. Chicago Fed President Austan Goolsbee noted the need to lower rates toward a neutral level over the next year to maintain economic conditions. While most policymakers support quarter-point cuts, they are closely monitoring economic data to inform their decisions ([BBG](#)).
- China is set to hold an unusual press briefing by top financial regulators following a recent reduction in a key short-term policy rate. Central bank governor Pan Gongsheng will address the media about measures for economic development, heightening expectations for government stimulus to boost growth. The People's Bank of China also cut the 14-day reverse repurchase rate, signaling a shift to align with earlier reductions made in July ([BBG](#)).
- The Biden administration has proposed a ban on vehicle software and hardware from China and Russia due to national security concerns. The rules aim to take effect in 2027 for internet-connected vehicles that collect user data, and in 2030 for automated driving software. If implemented, this ban would restrict importing or selling systems from entities with ties to these countries, reflecting growing concerns over foreign interference in automotive technology ([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
TAHKCB	\$297,000	Citi Sells	TAHKCB	1,100,000	Citi Sells
XJOMCT	\$170,618	Citi Buys	AGLKCB	35,000	Citi Buys
CBAKCX	\$150,950	Citi Sells	REDKOB	30,000	Citi Sells
XJOKCC	\$149,640	Intraday	CHNKOA	29,500	Citi Sells
FMGMOP	\$135,128	Citi Buys	DEGKOA	27,000	Citi Sells

Stopped Out Warrants:

Warrant Code	Strike	Stop Loss	Remaining Value	Stop Loss Date	Final Listing Date
TWEKCF	9.3387	10.69	\$1.290	23/09/2024	25/09/2024
WEBKOA	6.4821	7.42	\$0.000	23/09/2024	25/09/2024
SHLKOA	22.5646	25.9	\$3.280	23/09/2024	25/09/2024
CPUKOF	22.0439	25.22	\$3.040	23/09/2024	25/09/2024

Overnight Summary:

RATES
AUS 3yr 96.54 (0.0bp) AUS 10yr 96.02 (-0.5bp) US 10yr 3.75 (+0.8bp) Bund 10yr 2.16 (-5.2bp)
<ul style="list-style-type: none"> US: US treasuries slightly declined after whippy price action driven by Fed commentary and a steep drop in oil prices. After the Fed's Kashkari said he expects two quarter point cuts by year end and Goolsbee noting that there could be cause to lower rates further. Both officials noted that the labour market has not collapsed, but will be needing further data to substantiate any further cuts, seeing yields sell-off in the morning. Additional safe haven demand for oil settled after Iran's president said he's prepared to ease tensions with Israel. Fed dated OIS saw little price movement on the day, continuing to price in roughly 75bps of rate cuts to year end. 2y treasuries ended -0.45bps lower to 3.587% and the 10y ended up +0.75bps to 3.749% (BBG). EU: European bonds advanced, following data showing private sector activity contracting. The German yield curve disinverted for the first time since November 2022. 2y bunds ended -8.01bps lower to 2.146% and the 10y ended -5.06bps lower to 2.155%. 2y BTPs also outperformed, seeing it -7.43bps lower to 2.581% and the 10y -4.63bps lower to 3.506%, pushing the BTP-bund spread little changed at 135bps, remaining stable after a multi-year revision of nominal GDP. Money markets priced

10bps of easing next month compared with 6bps on Friday's close. French bonds lagged, sending the OAT-bund spread 2bps wider to 78bps after touching 80bps during the session, the widest since August 5. 2y gilts outperformed, down -0.79bps to 3.912% and the 10y up +2.07bps to 3.922%, in line with USTs ([BBG](#)).

- **AU:** Aussie bond futures bear steepened with the 3y price unched and the 10y down -0.5bps.

EQUITIES

S&P500 5,718.57 (+0.28%) | Stoxx600 516.32 (+0.40%) | FTSE100 8,259.71 (+0.36%)

- US shares ended slightly higher overnight with all major indexes posting gains. On the S&P500, gains were led by Energy (+1.31%) while losses were led by Health Care (-0.25%). Among individual names, Tesla (+4.93%) posted the largest percentage point gains on the S&P500. Meta (+0.6%) gained to hit a record high. Apple (-0.8%) fell with the company's iPhone 16 going on sale in stores on Friday but without artificial-intelligence features. Apple Intelligence, the company's AI software update, will be available in iPhone, iPad, and Mac computers "starting next month," according to the company ([Barron's](#)).
- European equities also advanced with the Stoxx600 adding +0.40% as soft business activity data strengthened the case for additional ECB rate cuts. Euro zone business activity unexpectedly contracted in September with the PMI falling to 48.9 this month, down from August's 51.0 and below the 50.5 predicted. Sector-wise, Real Estate (+1.06%) posted the largest percentage point gains of the GICS sectors while Health Care (-0.81%) led losses. Aurubis (-10.13%) fell after Europe's largest copper producer guided for lower earnings next financial year as it expects metal prices to fall and after hurdles with a production ramp-up impacted 4Q earnings. Aurubis sees EBT in the range of 300 to 400mn euros in the 2024-2025 period, down from 380 to 480 million euros it has guided for 2023-2024 ([Reuters](#)). AstraZeneca (-1.66%) also declined after its experimental drug did not significantly improve overall survival for patients with breast cancer in a late-stage trial ([IBD](#)).

FOREIGN EXCHANGE

AUDUSD 0.6836 (+0.45%) | DXY 100.927 (-0.05%) | EURUSD 1.1114 (-0.04%)

- The dollar was -0.05% lower overnight as the S&P US manufacturing PMI declined to 47.0 from 47.9 in the September preliminary release, while Services PMI fell modestly to 55.4 from 55.7. Employment indices remained in contraction for both manufacturing and services, with anecdotes in the report point to businesses being hesitant to add new staff due to the uncertain outlook ([Citi](#)). Elsewhere, both Goolsbee and Bostic made the same point that rates are well above neutral. Bostic also added if he sees "any further evidence" of a weak labour market he will "definitely change" his view ([Citi](#)). It was a divergent story in terms of flows with net USD inflows seen on our ePlatform during NY hours despite leveraged names remaining sellers. This is interesting given our positioning data show investors as already quite short USD, with the largest net outflows last week coming after the Fed rate cut ([Citi](#)). It was a similar albeit inverse story in JPY, which was up +0.08% as it was net sold on the NY ePlatform even as leveraged names were buyers. RM flow tends to follow leverage flow, so we may see more JPY buying ahead, especially now that positioning is bearish JPY ([Citi](#)).

- The Aussie was +0.45% higher ahead of the RBA today, where our econ team expects a hawkish hold. Bullock is likely to convey in the presser that a hike was on the table in order to avoid sending a dovish signal to the markets that the Bank is pivoting towards rate cuts ([Citi](#)). Our traders see a resistance level at 0.6873 (Dec high) and support at 0.6628- the 200 day moving average. While in Kiwi, which was +0.57% higher overnight, trading could see some support at 0.6100, the 200 moving average, and resistance at 0.6300, which was tested and not broken ([Citi](#)).
- EURUSD was -0.04% lower, though our trader notes its difficult at the moment to have any strong macro conviction. The pair is starting to carve out solid support in the 1.1080 area following the FED, and now the weak EZ data. He's begun to slowly take his delta back (Q4 short EUR structures) and play this current range ([Citi](#)). Ifo Business Climate out of Germany is worth watching - its been dropping for four consecutive months, reflecting stagnating economic trends. Expect Seo at 86.4 vs 86.6 in August ([Citi](#)). Reassuring UK services PMIs helped put a floor in cable, which was +0.53% higher overnight. The UK economy is faring better than Europe, despite services missing expectations (52.8 vs 52.5). EURGBP has since taken out 0.8383 support, and our trader stays short, with the next target at 0.8250 ([Citi](#)).

COMMODITIES

Gold 2,628.72 (+0.35%) | WTI 70.37 (-0.78%) | Copper 9548.00 (+0.76%) ^

- **Energy:** Oil prices closed lower on Monday as worries about demand were compounded by disappointing euro zone business activity and a weak Chinese economy. Brent crude futures for November settled 59 cents, or 0.8%, to \$73.90 a barrel, while U.S. crude futures for November fell 63 cents, or 0.9%, to \$70.37 ([Reuters](#)). U.S. natural gas futures jumped about 7% to a 12-week high on Monday on worries some Gulf Coast oil and gas producers would reduce output ahead of a possible hurricane that could hit the region later this week. Oil prices fell after Iran's president said that the country is prepared to ease Middle East tensions at the end of the session ([Reuters](#)).
- **Metals:** Gold prices remained near record highs on Monday, driven by Fed rate cuts and demand for the safe-haven asset on geopolitical risks in the Middle East. Spot gold steadied at \$2,619.37/oz, while U.S. gold futures slightly dipped slightly. Traders are closely watching upcoming PCE inflation data and geopolitical tensions between Hezbollah and Israel ([EcoTimes](#)).

Overnight Summary					
	Last Price	1d (net)	1d (%)	1m (%)	YTD (%)
Equities					
S&P 500	5,718.57	16.02	0.3%	1.5%	19.9%
Nasdaq	17,974.27	25.95	0.1%	0.5%	19.7%
Dow Jones	42,124.65	61.29	0.1%	2.3%	11.8%
Euro Stoxx 50	4,885.57	14.03	0.3%	-0.5%	8.1%
FTSE100	8,259.71	29.72	0.4%	-0.8%	6.8%
TOPIX	2,642.35	25.48	1.0%	-1.6%	11.7%
KOSPI	2,602.01	8.64	0.3%	-3.7%	-2.0%
Shanghai Comp	2,748.92	12.10	0.4%	-3.7%	-7.6%
ASX200 Futures	8,196.00	-9.00	-0.1%	2.7%	8.1%
VIX Index	15.89	-0.26			
Foreign Exchange					
DXY	100.9190	0.14	0.1%	0.2%	-0.4%
AUDUSD	0.6836	0.00	0.2%	0.9%	0.4%
EURUSD	1.1113	0.00	-0.4%	-0.4%	0.7%
GBPUSD	1.3346	0.00	0.3%	1.2%	4.8%
USDJPY	143.5800	-0.42	-0.3%	0.7%	-1.8%
USDCHF	0.8476	0.00	-0.4%	0.0%	-0.7%
Fixed Income - 10y					
	%	bps		bps	bps
Aus (Fut.)	3.98%	0.50		5.50	1.50
United States	3.75%	0.84		-4.92	-12.92
United Kingdom	3.92%	2.06		1.08	39.23
Germany	2.15%	-5.07		-6.86	13.34
France	2.93%	-2.60		0.64	38.01
Italy	3.50%	-4.64		-5.95	-18.42
Commodities					
WTI Crude	70.37	-0.63	-0.9%	-6.0%	-1.8%
Brent Crude	74.18	-0.31	-0.4%	-6.1%	-3.7%
Copper c/lb	428.90	0.75	0.2%	2.1%	10.2%
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	0.32	0.4%	-6.0%	-32.8%
Gold US\$/oz t	2,628.72	3.93	0.1%	4.4%	27.4%
Silver US\$/oz t	30.69	-0.21	-0.7%	2.9%	29.0%
Bitcoin USD	63,388.99	71.65	0.1%	-1.2%	49.1%
Lithium (ETF)	37.26	0.49	1.3%	-1.2%	-26.9%
DLCs					
	Last Price	Aud Price			Spread
Rio PLC	4,829.50	94.28	0.6%	1.4%	19.2%
South 32 - Lon	162.40	3.17	1.1%	3.2%	0.9%
South 32 - J'burg	3,750.00	3.16	0.8%	1.6%	1.2%
Virgin Money	217.00	4.24	0.0%	0.6%	-0.4%
NWS A	26.49	38.75	0.6%	-5.9%	4.4%
ADRs					
	Last Price	Aud Price			Spread
BHP	54.59	39.93	1.5%	-1.1%	-0.3%
Rio	64.58	94.47	1.6%	2.5%	18.9%
CSL	99.63	291.49	0.1%	-5.7%	-0.5%
James Hardie	38.67	56.57	-7.9%	8.3%	0.9%

*At time of writing

Source: Bloomberg

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