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Daily Market Overview

May 9, 2024

Overnight Headlines:

- The Biden administration is gearing up to safeguard U.S. AI from China and Russia by considering regulations to control the export of advanced AI models. The proposed measures would restrict the export of proprietary AI models, which are currently freely sold by U.S. giants like OpenAI and Google DeepMind. However, keeping pace with the fast-moving AI industry poses a challenge for regulators ([Reuters](#)).
- U.S. prosecutors are investigating whether Tesla misled investors and consumers about its electric vehicles' self-driving capabilities, potentially constituting securities or wire fraud. Tesla's Autopilot and Full Self-Driving systems provide assistance but are not fully autonomous. The Justice Department is scrutinizing statements made by Tesla and CEO Elon Musk regarding the vehicles' autonomous capabilities. This investigation follows U.S. regulators' scrutiny of Tesla's Autopilot-related crashes, including fatal ones, prompting a mass recall ([Reuters](#)).
- Telefonica Germany plans to migrate one million 5G customers to Amazon Web Services (AWS) cloud, marking a significant move for the U.S. online retailer to enter the global telecoms market. This shift, a global first among mobile operators, signifies a bold step toward leveraging public cloud services for core network operations. While cloud giants like Amazon and Microsoft aim to tap into the telecom sector, concerns persist about public cloud capabilities in managing mobile networks. O2 Telefonica aims to transition a significant portion of its customer base by 2025-2026. Financial details of the deal remain undisclosed ([Reuters](#)).

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

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

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

Top Traded Warrants By Value and Volume From Last Trading Day

Warrant Code	Value	Citi	Warrant Code	Volume	Citi
WBCJOG	\$373,996	Citi Sells	SGRKCB	140,000	Citi Buys
XJOKOB	\$300,559	Citi Buys	XJOKOU	108,700	Citi Buys
NDXKOR	\$287,220	Citi Sells	XJOKOS	100,350	Citi Sells
IGOJOB	\$208,680	Intraday	PRUKOA	100,000	Citi Buys
NDXKOC	\$206,298	Citi Buys	XJOMQ	70,600	Citi Sells

Stopped Out Warrants:

Warrant Code	Strike	Stop Loss	Remaining Value	Stop Loss Date	Final Listing Date
XJOKOU	8311.3634	7820	\$4.810	8/05/2024	10/05/2024
WBACKOP	31.8204	28	\$3.780	8/05/2024	10/05/2024
PPTKCA	19.0711	22.85	\$3.740	8/05/2024	10/05/2024

Overnight Summary:

RATES
AUS 3yr 96.04 (-3.0bp) AUS 10yr 95.67 (-3.0bp) US 10yr 4.50 (+3.9bp) Bund 10yr 2.46 (+4.2bp)
<ul style="list-style-type: none">US bonds declined holding losses following the 10y auction. The morning session was mostly quiet but remained supported with large volumes of front month SOFR futures, with some skew to the dovish side. Although the auction metrics were solid, with a 15.7% primary dealer award being lower than the previous whilst the indirect and direct bidder award increased to 65.5% and 18.7% respectively. With a heavy issuance slate across corporates and a 30y auction coming up on Thursday, the duration pressure remained. The long end led losses, with the 5s30s steepening by around +1bps, ahead of the 30y auction. 2y treasuries ended at 4.837% (+0.67bps) and the 10y sold off to 4.496% (+3.88bps), with the 2s10s steepening by +3.27bps (BBG).European bonds declined with a quiet session ahead of expected limited trading on the Thursday public holiday. Bunds retraced its recent gains, slipping across the curve, with the 2y up +3.09bps to 2.927% and the 10y up +4.3bps to 2.462%. BTPs similarly underperformed with the 2y up +2.94bps to 3.431% and the 10y up +3.6bps to 3.794%. The BTP-bund spread tightened by -1bp to 133bps. ECB policymaker Robert Holzmann said that the ECB does not operate in a vacuum and is influenced "to a certain extent" by the Federal Reserve. Gilts remain steady ahead of BOE decision, where they are expected

to keep rates on hold. The 10y sold off by +1.52bps to 4.138% and the 2s10s steepened by +1.63bps ([BBG](#)).

- Aussie bond futures declined with the 3y and 10y price down -3bps.

EQUITIES

S&P500 5,187.67 (0.00%) | Stoxx600 515.77 (+0.34%) | FTSE100 8,354.05 (+0.49%)

- U.S. markets again ended mixed with the Dow Jones up +0.44% marking its 6th straight win while the S&P500 ended unchanged and the NASDAQ slipped -0.18%. On the S&P500, the Utilities sector was the best sector up +1.05% while Real Estate was the worst down -0.90%. Among individual stocks, Uber fell -5.7% after posting a surprise quarterly loss of \$654mn (vs. net profit of \$503.1mn expected) and forecasted bookings below expectations. The ride-sharing app now expects 2Q gross bookings to be between \$38.75bn to \$40.25bn with the mid-point being below estimates of \$40.04bn. Uber expects a deceleration in spending due to slower-than-expected U.S. economic activity and "persistent consumer pressures" ([WSJ](#)). Uber's result came in sharp contrast to rival Lyft, which posted a quarterly revenue beat of \$1.28bn vs expectations of \$1.16bn and expects 2Q gross bookings to be between \$4.0bn and \$4.1bn, exceeding expectations of \$3.96bn. The stock was up +7.1% on the result ([Barron's](#)). Tesla continued yesterday's decline falling a further -1.7% after Reuters reported U.S. prosecutors were investigating whether the EV manufacturer engaged in securities and wire fraud. By misleading investors and buyers about the self-driving capabilities of their cars, the Justice Department is examining statements made by Tesla and CEO Elon Musk suggesting their cars can drive themselves when in reality they still require drivers to be ready to take over driving and are not fully autonomous ([Reuters](#)).
- European markets ended higher overnight with both major indexes trading higher. The Stoxx600 is up +0.34% while the FTSE100 is up +0.49%. London's FTSE100 was supported by a weak pound which slipped following expectations of a dovish hold from the Bank of England following their meeting on Thursday. On the Stoxx600, Consumer Staples was the best sector up +1.34% while Real Estate was the worst down -0.58%. On the FTSE100, the Information Technology sector was the best up +1.24% while the Materials sector fell the most, down -0.91%. Informa rose +2.3% with the events organiser forecasting annual revenue and adjusted operating profit at the upper end of its previous outlook. The company also increased its share buyback by 50% to GBP500mn ([Reuters](#)). Italy's Leonardo rose +2.7% following strong 1Q orders and revenue growth. New orders rose 14.9% on a YoY basis to 5.75bn euros while revenue grew 15.3% to 3.66bn euros. The order book was helped by the groups electronics and helicopter sector. The broader defence sector has also be buoyed by rising geopolitical tensions that have seen countries up defence budgets ([Reuters](#)). BMW fell -2.9% after 1Q EBIT margin missed expectations (8.8% vs. 9.2% expected). The company also expects a fall in pre-tax profit as it increases spending on R&D and manufacturing to tackle growing competition in the EV market from China and Tesla. BMW reported EV sales rose +28% to 83,000 over the quarter ([Reuters](#)).

FOREIGN EXCHANGE

AUDUSD 0.6580 (+0.12%) | DXY 105.544 (-0.01%) | EURUSD 1.0747 (+0.05%)

- The dollar was little changed overnight with a data-less NY session seeing client activity fairly limited, as interbank volumes came in -37% below it's 30d average. USDJPY continued to climb, up +0.22% to 155.60 and while further US yields upside (even if limited) could send spot higher still, our desk strategist warns that USDJPY's weekly and monthly momentum is beginning to fade, suggesting some weakness medium-term ([Citi](#)).

- The Kiwi climbed +0.23% while the Aussie was up +0.12% as Bloomberg reports AUDUSD option strikes at 0.6540/50 worth a total of \$1.93b expiring on May 9th ([BBG](#)). Elsewhere in the high-beta space, SEK is down -0.15% after the Riksbank delivered their first 25bps cut as we expected, bringing the policy rate down to 3.75% from 4%. Additionally, we saw some light demand for USDCAD from RM and corps sub-1.37, as the 1.3650-1.38 range continues to hold ([Citi](#)).
- GBPUSD climbed +0.13% ahead of the BoE tonight as EUR/GBP longs continue to hold appeal, remaining well-supported above the crucial support at 0.8500. Our economists expect the MPC to hold rates for a sixth time in succession, with an unchanged 8-1 vote split along with a nod to a dialling back of restrictiveness in the coming months ([Citi](#)). EURUSD advanced +0.05% to 1.0747.

COMMODITIES

Gold 2,308.80 (-0.15%) | WTI 79.20 (+2.10%) | Copper 9904.00 (-1.26%) ^

- **Energy:** Oil prices climbed slightly despite continued growth in US stockpiles ([Reuters](#)), and the EIA downward revision to its 2024 demand forecast yesterday ([Reuters](#)). WTI is sitting at \$79.20/bbl - up 2.1% on the day. Additionally, seasonal U.S. fuel demand has dipped to lows not seen since the pandemic, exerting further pressure on refining margins and highlighting weaknesses in domestic fuel consumption ([Reuters](#)). In maritime efforts to safeguard its economic interests, Greece has proactively extended its naval advisory to prevent unauthorised Russian oil ship-to-ship transfers, reflecting ongoing global tensions and the enforcement of sanctions ([Reuters](#)).
- **Metals:** Gold prices edged lower to \$2,308.80/oz (-0.15%) as the dollar strengthened, with investors keenly awaiting further US economic data ([Reuters](#)). China's persistent gold buying has also slowed despite reserves growing for the 18th consecutive month ([Reuters](#)).
- **Agriculture:** Three Russian grain-producing regions have declared emergencies due to unexpected frost and cold weather damage ([Reuters](#)). Malaysia is employing 'orangutan diplomacy,' leveraging its palm oil exports to enhance conservation efforts with countries that import its products. This initiative promotes sustainable trade practices and wildlife conservation, potentially shaping international perceptions and policies on palm oil trade ([Reuters](#)). Global climate trends continue to break records, with April experiencing unprecedented temperatures that could significantly affect agricultural outputs, intensifying concerns over food security and pricing volatility ([Reuters](#)).

Overnight Summary					
	Last Price	1d (net)	1d (%)	1m (%)	YTD (%)
Equities					
S&P 500	5,187.67	-0.03	0.0%	-0.3%	8.8%
Nasdaq	16,302.76	-29.80	-0.2%	0.3%	8.6%
Dow Jones	39,056.39	172.13	0.4%	0.4%	3.6%
Euro Stoxx 50	5,038.17	22.07	0.4%	-0.2%	11.4%
FTSE100	8,354.05	40.38	0.5%	5.2%	8.0%
TOPIX	2,706.43	-39.79	-1.4%	-1.8%	14.4%
KOSPI	2,745.05	10.69	0.4%	1.5%	3.4%
Shanghai Comp	3,128.48	-19.26	-0.6%	2.6%	5.2%
ASX200 Futures	7,806.00	-19.00	-0.2%	-0.8%	2.9%
VIX Index	13.00	-0.23			
Foreign Exchange					
DXY	105.5140	-0.02	0.0%	1.3%	4.1%
AUDUSD	0.6579	0.00	0.1%	-0.8%	-3.4%
EURUSD	1.0748	0.00	0.0%	-1.0%	-2.6%
GBPUSD	1.2498	0.00	0.1%	-1.4%	-1.8%
USDJPY	155.4800	0.22	0.1%	-2.4%	-9.3%
USDCHF	0.9079	0.00	-0.1%	-0.5%	-7.3%
Fixed Income - 10y					
	%	bps		bps	bps
Aus (Fut.)	4.33%	3.50		15.50	37.00
United States	4.49%	3.69		13.21	61.48
United Kingdom	4.14%	1.51		11.06	60.86
Germany	2.46%	4.32		9.18	44.03
France	2.94%	4.07		7.77	38.02
Italy	3.79%	3.59		4.61	10.34
Commodities					
WTI Crude	78.99	0.61	0.8%	-8.6%	10.2%
Brent Crude	83.70	0.54	0.6%	-7.4%	8.6%
Copper c/lb	456.20	-6.35	-1.4%	6.7%	17.3%
Nickel	19,256.00	19.00	0.1%	8.2%	16.0%
Zinc US\$/mt	2,960.00	57.00	2.0%	12.2%	11.4%
Aluminium US\$/mt	2,569.50	18.00	0.7%	4.9%	7.8%
Iron Ore US\$/mt	117.45	1.66	1.4%	10.8%	-13.9%
Gold US\$/oz t	2,308.85	-5.82	-0.3%	-1.3%	11.9%
Silver US\$/oz t	27.33	0.01	0.0%	-1.9%	14.9%
Bitcoin USD	61,631.18	62.32	0.1%	-10.8%	45.0%
Lithium (ETF)	45.53	-0.54	-1.2%	-0.4%	-10.6%
DLCs					
	Last Price	Aud Price			Spread
Rio PLC	5,528.00	105.01	-1.1%	6.6%	24.0%
South 32 - Lon	190.40	3.62	-0.4%	12.9%	0.9%
South 32 - J'burg	4,447.00	3.64	0.8%	12.0%	0.3%
Virgin Money	214.80	4.08	-0.3%	-0.2%	-0.5%
NWS A	24.14	36.69	-1.1%	-6.2%	5.1%
ADRs					
	Last Price	Aud Price			Spread
BHP	56.50	42.94	-1.7%	-5.3%	1.0%
Rio	69.02	104.91	-1.5%	4.4%	24.1%
CSL	91.82	279.13	-0.6%	-1.4%	0.3%
James Hardie	37.39	56.83	1.2%	-6.1%	-2.3%
ResMed	212.88	32.36	-1.3%	13.4%	-0.5%
Amcor	10.22	15.53	1.0%	11.7%	-0.5%
Square	71.14	108.13	-0.6%	-9.2%	1.1%

*At time of writing

Source: Bloomberg

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