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## Daily Market Overview

December 18, 2024

### New MINIs now available for Trading:

- GYG - Guzman Y Gomez Limited
- WGX - Westgold Resources Limited
- YAL - Yancoal Australia Limited
  
- RTY – Russell 2000 Index Futures

### Overnight Headlines:

- US retail sales were announced last night and have rose 0.7% in November, therefore beating market sentiment for the month at the expected 0.6%. The main drivers for this bullish outcome were the Auto Dealerships' and Online Retailers' boost in sales, and strong labour markets with low layoffs and wage growth. It was the Car Sales' strongest month in over three years this November rising by 0.4%, while E-commerce Sales rose by 1.8% with Black Friday promotions driving gains ([Reuters](#)).
- Nikkei reported that Honda and Nissan are beginning discussions on merger negotiations. This merger was spurred by the automakers facing mounted competition from Tesla, BYD and other Chinese EV competitors. Honda and Nissan did issue to the public that they deny this report and that they are only exploring collaboration, but will inform stakeholders if there is any development on the topic when appropriate ([Reuters](#)).
- Brazil's real rose following the intervention of their central bank selling over \$3B on the spot market; larger than their spot auction in August at \$1.5B. This decision also followed a plunge resulting from market concerns over mounting deficits. The monetary authority are backing this decision by the Central Bank of Brazil saying this intervention is a way to offset the impact of MSCI Inc. index's rebalancing on 2nd September ([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 \(PDF\)](#)

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## Top Warrants by Value and Volume From Last Trading Day:

Warrant Code	Value	Citi	Warrant Code	Volume	Citi
CBAMCS	\$498,546	Citi Sells	KARKOD	129,047	Citi Sells
XJOKCC	\$441,520	Citi Buys	KARJOF	101,500	Citi Buys
NDXKOA	\$401,550	Citi Buys	NSTKOE	98,686	Intraday
NSTKOE	\$328,131	Citi Sells	XJOKCC	80,344	Citi Buys
XJOKOP	\$304,966	Citi Sells	WHCKCD	54,500	Citi Sells

## Stopped Out Warrants:

Warrant Code	Strike	Stop Loss	Remaining Value	Stop Loss Date	Final Listing Date
BGLKCA	1.0216	1.23	\$0.195	17/12/2024	19/12/2024
DJXKCA	42581.23	44180	\$25.04	17/12/2024	19/12/2024
FMGKCI	16.1195	18.46	\$2.36	17/12/2024	19/12/2024

## Overnight Summary:

RATES	
AUS 3yr 96.19 (0.0bp)   AUS 10yr 95.68 (-0.5bp)   US 10yr 4.38 (-1.6bp)   Bund 10yr 2.23 (-1.7bp)	
<ul style="list-style-type: none"> <li> <b>US:</b> USTs rallied across the curve overnight ahead of the Dec FOMC meeting which still remains fully priced for a -25bp cut. Retail sales came in higher than expected, +0.7% M/M against 0.6% consensus, however was largely driven by a surge in car prices and online shopping due to Black Friday sales. Excluding auto purchases, Core Retail sales printed at 0.2% M/M vs 0.4% expectations with spending at restaurants/bars falling for the first time since March. <a href="#">(BBG)</a>. Elsewhere, the 20-year auction drew a slightly higher yield of 4.686% vs the 4.671% pre-sale yield with a bid-to-cover ratio of 2.50 above the previous auction's 2.34. <a href="#">(BBG)</a>. The curve bull steepened with 2-year yields -0.85bps and 10-year yields -1.38bps over the day and lowering 2s10s to 14.03bps. Over in Canada, CPI Y/Y printed at 1.9% slightly below 2.0% expectations whilst the Bank of Canada's two preferred core inflation measures held steady whilst October levels were revised higher. <a href="#">(BBG)</a>.           </li> <li> <b>EU:</b> European bonds twist flattened overnight led by German Bunds after the government announced they will reduce federal debt sales by 13% next year, decreasing 10-year yields by 3bps before it slightly retraced. In France, Moody's downgraded the ratings of 7 banks including BNP Paribas SA, however markets did not react significantly, instead French 10-year yields -1.06bps over the day. <a href="#">(BBG)</a>. Major moves occurred in the Gilts space with 2-year yields +9.69bps and 10-year yields +8.21bps with the 10-year Gilt-Bund spread +9bps to its highest level since 1990. <a href="#">(BBG)</a>. Markets now only price in 55bps of easing in 2025 after UK wage growth accelerated for the first time in the past year with the Average Earnings Index 3m/y printing at 5.2% above 4.6% expectations. Tonight's CPI data (6pm           </li> </ul>	

Sydney time) will provide further indication to the BOE's cutting trajectory with February OIS still pricing in 65% chance of a cut. [\(BBG\)](#).

- **AU:** Aussie bond futures bear steepened with 3y prices unchanged and 10y prices - 0.50bps.

## EQUITIES

**S&P500 6,041.71 (-0.53%) | Stoxx600 513.66 (-0.42%) | FTSE100 8,195.20 (-0.81%)**

- **US:** US shares fell, with the S&P500 falling (-0.53%) after the strong prints for retail sales and PMI number points to a slower rate of easing by the Fed. Among the GICS sectors, Consumer Discretionary (+0.12%) was the top performer while Energy (-1.29%) led the decline after crude oil reached a 17-month low. Among the individual names, Pfizer (+4.26%) jumps after the company's profits for 2025 are in line with market expectations, with the EPS expected to be US\$ 2.88 ([Reuters](#)). Additionally, Enphase Energy (+3.13%) rose after the company announced that it had started their initial shipments of IQ battery 5P and IQ system controller to India ([BBG](#)). On the other hand, Amentum (-10.89%) declined after the company reported a loss of US\$23 m, or 7 cents a share ([Barron's](#)).
- **EU:** European Equities fell to a two-week low, with the Stoxx 600 declining -0.42% as investors await the decisions of major central banks later in the week. Among the GICS sectors, Information Technology (+0.60%) was the top performer while Energy led the decline (-1.48%). Among individual names, Vallourec (+2.39%) grew after the company announced that one of its industrial site was being bought for €155 m ([BBG](#)). On the other hand, Energy stocks such as Orlen (-4.07%) and Shell (-1.82%) declined after crude oil reached a 17-month low. UK supplies distributor Bunzl (-5.68%) declines after the group expect its revenue growth for the year to be between 0-1%, which is lower than the previously forecasted 3% ([Reuters](#)).

## FOREIGN EXCHANGE

**AUDUSD 0.6337 (-0.13%) | DXY 106.940 (-0.03%) | EURUSD 1.0491 (-0.07%)**

- The DXY fell slightly, moving -0.03% to 106.940. The FOMC meet tonight, rate cuts of 25bps are expected however not guaranteed. USDJPY decreased -0.5% to 153.32. The yen is poised to weaken some more if the Federal Reserve and Bank of Japan avoid any surprises this week. Jerome Powell is expected to strike a cautious, data dependent tone, validating market pricing for three rate cuts in 2025. Policymakers may well also raise their forecast for economic growth next year given the surprising strength of the US economy. Were the Federal Reserve to unexpectedly pause, that would cause the yen to fall sharply and could push the Bank of Japan into a surprise hike. ([BBG](#))
- The AUD/USD pair declined -0.13% yesterday moving to a last price of 0.6337. The pair approaches the November 2023 low as it gives back the advance from the start of the week. ([BBG](#)). Similarly, NZDUSD fell -0.02% to a price of 0.5757. ([BBG](#))
- The EURUSD pair decreased -0.07% realising to 1.0491 at AUS close. GBPUSD conversely increased +0.35% to 1.2714. Data showed UK regular wage growth accelerated for the first time in more than a year. This has caused a paring back in bets on Bank of England rate cuts in 2025, while is also pushing gilt yields higher. One-week risk reversals in the pound stand around 15 basis points, puts over calls, as they remain in a sideways trading pattern this month. ([BBG](#))

## COMMODITIES

**Gold 2,645.39 (-0.09%) | WTI 70.14 (-0.98%) | Copper 8990.00 (-0.81%) ^**

- **Energy:** Oil continued its decline with Brent shedding 1.13% to \$73.25 and WTI losing 0.98% to settle at \$70.14. This easing continued due to the weak economic data we saw coming out of both China and Germany casting doubt over global demand for 2025. In Germany in particular, business sentiment worsened beyond expectations while retail sales continue to disappoint China's consumer-focused policymakers. Although, we should expect to see a slight uptick in prices if the Federal Reserve cuts rates by 25bps as the market expects ([Reuters](#)). We also saw that the UK officially imposed sanctions on 20 ships, part of Russia's shadow fleet, although this was already priced in to oil prices ([Reuters](#)).
- **Metals:** Spot Gold shed 0.09% overnight to settle at \$2,645.39 per ounce due to relatively strengthening US dollar and rising Treasury yields. Although we are expecting a cut this month, there is an increasing sentiment that the pace of rate cuts next year will be more gradual than what was previously anticipated. US retail sales beat expectations which put a warmer tone on the broader inflation picture and reduces the urgency for rate cuts next year. A key thing to note for the next meeting is how the Fed will update their economic projections in response to Trump's agenda which will be a notable driver of gold prices. Spot Silver fell 0.1% to \$30.51 per ounce, Platinum reduced 0.3% to \$938.48 while Palladium also decreased by 1.2% to \$935.39 ([Reuters](#)).

\*At time of writing

Overnight Summary					
	Last Price	1d (net)	1d (%)	1m (%)	YTD (%)
<b>Equities</b>					
S&P 500	6,050.61	-23.47	-0.4%	3.1%	26.9%
Nasdaq	20,109.06	-64.83	-0.3%	7.6%	34.0%
Dow Jones	43,449.90	-267.58	-0.6%	0.0%	15.3%
Euro Stoxx 50	4,942.58	-4.45	-0.1%	3.1%	9.3%
FTSE100	8,195.20	-66.85	-0.8%	1.6%	6.0%
TOPIX	2,728.20	-10.13	-0.4%	1.4%	15.3%
KOSPI	2,456.81	-32.16	-1.3%	-0.5%	-7.5%
Shanghai Comp	3,361.49	-24.85	-0.7%	1.1%	13.0%
ASX200 Futures	8,310.00	-14.00	-0.2%	-0.3%	9.6%
VIX Index	15.84	1.15			
<b>Foreign Exchange</b>					
DXY	106.9840	0.06	0.1%	0.3%	5.6%
AUDUSD	0.6336	0.00	-0.2%	-2.6%	-7.0%
EURUSD	1.0489	0.00	-0.2%	-1.0%	-5.0%
GBPUSD	1.2710	0.00	0.3%	0.3%	-0.2%
USDJPY	153.5400	-0.60	-0.4%	0.7%	-8.1%
USDCHF	0.8927	0.00	-0.2%	-1.1%	-5.7%
<b>Fixed Income - 10y</b>					
	%	bps		bps	bps
Aus (Fut.)	4.33%	1.00		-28.50	36.50
United States	4.39%	-0.29		-1.91	51.58
United Kingdom	4.52%	8.21		5.88	99.34
Germany	2.23%	-1.67		-14.17	20.75
France	3.03%	-1.06		-6.58	47.65
Italy	3.38%	-1.51		-18.33	-30.60
<b>Commodities</b>					
WTI Crude	70.20	-0.51	-0.7%	4.7%	-2.0%
Brent Crude	73.27	-0.64	-0.9%	3.1%	-4.9%
Copper c/lb	408.90	-5.45	-1.3%	0.6%	5.1%
Nickel	15,708.00	-154.00	-1.0%	1.1%	-5.4%
Zinc US\$/mt	3,056.00	-39.50	-1.3%	3.7%	15.0%
Aluminium US\$/mt	2,566.50	-38.50	-1.5%	-3.1%	7.7%
Iron Ore US\$/mt	105.10	-0.35	-0.3%	4.0%	-22.9%
Gold US\$/oz t	2,643.76	-9.99	-0.4%	1.2%	28.2%
Silver US\$/oz t	30.51	0.05	0.2%	-2.1%	28.2%
Bitcoin USD	106,727.29	652.27	0.6%	19.7%	151.1%
Lithium (ETF)	43.45	-0.08	-0.2%	-0.9%	-14.7%
Uranium (ETF)	24.30	-0.04	-0.16	-7.88	-14.01
<b>DLCs</b>					
	Last Price	Aud Price			Spread
Rio PLC	4,820.00	96.69	-0.4%	0.3%	22.6%
South 32 - Lon	167.00	3.35	-0.4%	-9.9%	1.5%
South 32 - J'burg	3,838.00	3.35	0.3%	-8.9%	1.6%
Alcoa	38.44	60.67	-0.1%	-12.7%	-0.4%
NWS A	28.25	44.59	-1.4%	-1.3%	11.7%
<b>ADRs</b>					
	Last Price	Aud Price			Spread
BHP	51.00	40.25	-0.2%	-1.6%	0.0%
Rio	61.46	97.00	0.3%	0.8%	22.2%
CSL	88.42	279.10	0.8%	0.2%	-0.1%
James Hardie	33.69	53.17	0.4%	-6.8%	1.0%
ResMed	242.62	38.29	0.7%	3.4%	1.3%
Amcor	9.73	15.36	-1.1%	-4.8%	1.3%
Life360	43.44	22.85	-0.1%	3.6%	1.4%
Square	94.55	149.23	0.8%	12.2%	-0.3%

Source: Bloomberg

## Citifirst Warrants

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