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Daily Market Overview

April 12, 2024

Overnight Headlines:

- Tehran signals restraint in responding to Israel's attack on its Syrian embassy, emphasising a desire to avoid escalation while pushing for a Gaza truce, Iranian sources reveal. Foreign Minister Hossein Amirabdollahian conveyed Iran's stance during a visit to Oman, known for mediation. The White House refrains from commenting on Iran's message but clarifies non-involvement in the embassy strike. Neither Iran's foreign ministry nor Oman's government immediately respond to requests for comment ([BBG](#)).
- The European Central Bank maintains interest rates for the fifth consecutive meeting, yet hints at potential cuts as inflation cools. Despite leaving the deposit rate at a record-high 4%, the Governing Council suggests a future reduction, depending on economic forecasts showing a shift in consumer-price growth. ECB chief Christine Lagarde used a less defiant tone on the influence of Federal Reserve while planning for a standalone interest-rate cut ([BBG](#)).
- Apple gears up to revolutionize its Mac lineup with AI-focused M4 chips, aiming to invigorate sluggish computer sales. The company, having introduced M3 chips five months earlier, is on the verge of producing the next generation — the M4 processor — insiders reveal. With at least three main varieties planned, Apple intends to integrate the new chip into every Mac model, emphasizing enhanced AI capabilities and memory improvements ([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
CSLKOG	\$1,280,762	Citi Sells	ZSIKOE	659,500	Citi Buys
ZSIKOE	\$927,388	Citi Buys	CHNKCB	139,228	Citi Sells
XJOMOQ	\$873,540	Citi Buys	XJOMOQ	123,868	Citi Buys
XJOMOV	\$858,950	Citi Sells	BOQJOD	108,000	Citi Sells
XJOKOS	\$545,115	Intraday	NICKOE	90,665	Citi Sells

Stopped Out Warrants:

Warrant Code	Strike	Stop Loss	Remaining Value	Stop Loss Date	Final Listing Date
BPTKCA	1.2253	1.57	\$0.340	11/04/2024	15/04/2024
MQGKOF	165.7078	190.1	\$21.390	11/04/2024	15/04/2024
DJXKOA	37083.2616	38512	\$21.880	11/04/2024	15/04/2024

Overnight Summary:

RATES
AUS 3yr 96.14 (-5.0bp) AUS 10yr 95.69 (-4.5bp) US 10yr 4.59 (+4.3bp) Bund 10yr 2.46 (+2.8bp)
<ul style="list-style-type: none"> US treasuries twist steepened with 2y leading gains, following softer than expected PPI at +0.2%, after respective gains of 0.6% and 0.3% February. However, the March 12-month pace climbed to a 2.1% y/y from 1.6% (was 1.6%) y/y. The core rate picked up speed to a 2.4% y/y clip from 2.1% (was 2.0%) y/y. The rates have slowed from the records set in March 2022 of 11.7% for the headline and 9.7% y/y but the March upticks reflect the bumpy path keeping the FOMC in wait and see mode. Additionally, US initial jobless claims slipped -11k to 211k in the week ended April 6, tighter than expected. The initial reaction to the PPI print saw moderate steepening, before the 1pm 30y auction. The auction was softer as generally expected, the 1bp tail coming with a sub-par bid-cover (2.37x) and drop in end-user demand to 82.7%, down from last month's 86.1%, and the 85.9% average. Additionally, US Fed speakers continued sentiment around not being in a rush to cut rates with Collins suggesting "it may just take more time than previously thought...[to achieve labour and inflation goals] after "CPI figures in Q1 came higher than I'd hoped". The 2s10s curve steepened by +5.52bp with the 2y rallying by -1.22bps to 4.961% (BBG, Citi). European bonds advanced following the ECB keeping deposit rates at unchanged at 4%, whilst Lagarde showed confidence around a June easing in the ECB. All but affirming the

intent to break first from the patient CB pack, Lagarde noted that “the two inflations (EU and US)...they are not the same”. “We are data-dependent, not Fed-dependent,” Lagarde added, leaving year-end OIS swaps implying 3x cuts, while EUR 1y1y vols slid to new cycle lows at 84nv (USD 1y1y at ~130). Additionally, she noted that inflation is slowing but wages are still a concern whilst also watching oil futures as the prices rally. Bunds saw rallying in the 2y by -0.4bps, with underperformance with the rest of the curve with 10y up +2.78bps. BTPs underperformed across the whole curve, with losses led by the long end, with the 2s10s curve steepening +4.38bps. The BTP-bund spread ended +4bps wider to 141bps. Gilts underperformed following the BoE’s Greene, who called out market bets as moving “in the wrong direction... cuts in the UK should still be a way off as well,” pushing rate cut bets to 48bps down from 75bps a week ago. Gilts ended evenly underperforming across the curve with the 2y up +5.51bps and the 10y up +5.27bps ([BBG](#), [Citi](#)).

- Aussie bond futures bear flattened with the 3y price down -5bps and the 10y price down -4.5bps.

EQUITIES

S&P500 5,199.06 (+0.74%) | Stoxx600 504.55 (-0.40%) | FTSE100 7,923.80 (-0.47%)

- U.S. markets retraced some of the losses seen in yesterday’s session following a softer-than-expected Producer Prices Index. Despite the renewed confidence around cooling inflation, New York Fed President John Williams highlighted that there was “no clear need to adjust monetary policy” in the near term. The S&P500 added +0.74%, the Dow Jones traded sideways finishing down -0.01% and the NASDAQ gained +1.68%. The S&P500 had mixed sector performance with Information Technology the leader up +2.36% while Financials was the worst down -0.58%. Pre-owned vehicles retailer CarMax dropped -9.2% after missing analyst estimates for Q4. Earnings declined in the quarter 27% to US\$50.3 million while analysts had been hoping for US\$73.5 million ([Reuters](#)). Globe Life slumped -53.1% with a research report disclosing a short position in the financial services company citing multiple instances of insurance fraud ([Reuters](#)). Apparel rental company Rent the Runway surged +161.9% after the company guided for a potential increase in Q1 revenue. It comes despite the company reporting a loss of US\$7.02 per share. However, the recent move is hardly enough to offset the ~95% loss the company has experienced since going public in 2021 ([Reuters](#)).
- European markets fell overnight as the European Central Bank chose to keep rates steady at their meeting whilst signalling imminent cuts. The Stoxx600 fell to a one-month low falling -0.40% overnight while the FTSE100 slipped -0.47%. The Stoxx600 had more one-sided sector performance than US indexes with 8 of the 11 sectors recording losses. Utilities recorded a gain of +0.47% while Financials led losses to finish the day down -1.60%. The FTSE100 had Health Care as the best sector up +1.60% while Financials again performed the worst down -1.94%. German carrier Lufthansa lost -2.7% after extending suspension of flights to Tehran following heightened risks of Iranian retaliation after an attack on the country’s Syrian embassy ([Reuters](#)). Swedish biotech firm Idorsia postponed its Q1 results publication sending the shares tumbling down -26.4% ([Reuters](#)). Drugmaker AstraZeneca gained +2.1% after it announced plans to increase its annual dividend by 7% ([Reuters](#)). UK self-storage provider Lok’nStore surged +16.4% after rival firm Shurgard agreed to acquire the company in a deal valued at US\$474 million ([Reuters](#)).

FOREIGN EXCHANGE

AUDUSD 0.6539 (+0.21%) | DXY 105.286 (+0.09%) | EURUSD 1.0729 (-0.12%)

- The dollar climbed +0.09% as March PPI was softer than expected, particularly in details that matter for PCE inflation like airfares, medical services, and portfolio management fees. Flat physicians' services prices were particularly surprising after a cut of Medicare payments made to physicians was expected to show up as a monthly increase in physician services prices. In all, elements of CPI and PPI leave US econ expecting a 0.26%MoM increase in core PCE inflation in March, softer than the 0.30% they had been pencilling in before PPI and further extending the dislocation between PCE and CPI. Cuts are still expected to start in June, with July a risk. ([Citi](#)). USDJPY climbed +0.07%, remaining above the 153 handle overnight. While MoF intervention headlines remain a risk into the weekend, our trader thinks intervention will likely come only once USDJPY reaches 154-155 ([Citi](#)).
- Risk appeared well supported overnight with the antipodeans holding onto gains post-PPI as the Aussie and Kiwi climbed +0.21% and +0.20% respectively. Flow-wise, trading noted particular selling of AUD from the real money segment ([Citi](#)).
- EURUSD declined -0.12% after a desynchronisation in rate cycles was all but confirmed. The ECB held rates, as expected and while Lagarde refused to commit to a future path of cuts, she ultimately confirmed a 25bp cut in June as likely a done deal while continuing to push back on the suggestion that the ECB should take cues from the Fed. EURUSD traded well off overnight lows despite the somewhat dovish ECB guidance, with our strategists noting that with no USD follow-through post-CPI, high beta gains intact post-PPI and the Fed's reluctance to pivot away from cuts, any sustained USD strength and subsequent EURUSD downside should be limited. ([Citi](#)). GBPUSD was broadly unch at 1.2554.

COMMODITIES

Gold 2,372.52 (+1.42%) | WTI 85.54 (-0.94%) | Copper 9342.00 (-0.34%) ^

- **Energy:** Oil prices declined as rising inflation expectations dampened hopes for near-term U.S. rate cuts, maintaining prices near six-month highs. Brent futures settled at \$89.74, slightly down by 0.8%, while WTI dipped 1.4% to \$85.02. The market's cautious stance is attributed to geopolitical tensions and sticky inflation, which may delay expected rate cuts. Additionally, ongoing concerns about potential retaliation by Iran against Israeli interests have kept the market on edge. A recent power outage at Motiva Enterprises' Texas facility also temporarily impacted fuel production, adding to the market's volatility ([Reuters](#)).
- **Metals:** Gold prices rose 1.42% to \$2,372.52/oz after softer-than-expected U.S. producer price data revived hopes for rate cuts this year. This surge marks a continuation of gold's record-setting trend, supported by ongoing geopolitical tensions and central bank purchases. Silver and platinum also saw gains, while palladium prices adjusted slightly. The market remains attentive to central bank policies and their potential impact on rate adjustments ([Reuters](#)). Meanwhile, Thyssenkrupp announced a significant restructuring of its steel division, planning to reduce production capacity at its Duisburg site. This adjustment aims to align with the current shipping levels amid weakening demand and

intense competition from Asian manufacturers. The move will affect various operational and administrative sectors, emphasizing efficiency without resorting to operational redundancies ([Reuters](#)).

Overnight Summary					
	Last Price	1d (net)	1d (%)	1m (%)	YTD (%)
Equities					
S&P 500	5,199.06	38.42	0.7%	1.6%	9.0%
Nasdaq	16,442.20	271.84	1.7%	2.6%	9.5%
Dow Jones	38,459.08	-2.43	0.0%	-0.8%	2.0%
Euro Stoxx 50	4,966.68	-34.15	-0.7%	0.7%	9.8%
FTSE100	7,923.80	-37.41	-0.5%	3.3%	2.5%
TOPIX	2,746.96	4.17	0.2%	3.4%	16.1%
KOSPI	2,706.96	1.80	0.1%	0.9%	1.9%
Shanghai Comp	3,034.25	6.91	0.2%	-0.7%	2.0%
ASX200 Futures	7,820.00	-29.00	-0.4%	1.4%	3.1%
VIX Index	14.91	-0.89			
Foreign Exchange					
DXV	105.2710	-0.03	0.0%	2.3%	3.9%
AUDUSD	0.6540	0.00	0.4%	-1.0%	-4.0%
EURUSD	1.0727	0.00	0.0%	-1.8%	-2.8%
GBPUSD	1.2555	0.00	0.2%	-1.9%	-1.4%
USDJPY	153.2100	0.04	0.0%	-3.6%	-7.9%
USDCHE	0.9099	0.00	-0.5%	-3.6%	-7.5%
Fixed Income - 10y					
	%	bps		bps	bps
Aus (Fut.)	4.31%	4.50		35.20	34.50
United States	4.59%	4.44		43.59	70.86
United Kingdom	4.20%	5.34		25.44	66.96
Germany	2.46%	2.79		13.29	44.01
France	2.96%	3.57		18.36	40.25
Italy	3.87%	6.71		26.51	17.95
Commodities					
WTI Crude	85.02	-1.19	-1.4%	9.1%	18.7%
Brent Crude	90.22	-0.26	-0.3%	9.7%	17.1%
Copper o/lb	425.30	-2.90	-0.7%	8.4%	9.3%
Nickel	18,364.00	145.00	0.8%	2.0%	10.6%
Zinc US\$/mt	2,735.50	26.00	1.0%	8.2%	2.9%
Aluminium US\$/mt	2,456.00	-4.00	-0.2%	9.6%	3.0%
Iron Ore US\$/mt	105.90	-0.51	-0.5%	-5.8%	-22.3%
Gold US\$/oz t	2,372.52	36.18	1.5%	8.7%	15.0%
Silver US\$/oz t	28.44	0.56	2.0%	16.2%	19.5%
Bitcoin USD	70,258.95	-250.64	-0.4%	-1.1%	65.3%
Lithium (ETF)	45.84	0.54	1.2%	-0.6%	-10.0%
DLCs					
	Last Price	Aud Price			Spread
Rio PLC	5,230.00	100.40	-0.1%	8.7%	27.7%
South 32 - Lon	170.90	3.28	-0.2%	14.2%	1.8%
South 32 - J/burg	4,042.00	3.30	-0.8%	12.9%	1.2%
Virgin Money	215.00	4.13	-0.1%	2.1%	0.1%
NWS A	24.92	38.10	0.4%	-5.9%	3.7%
ADRs					
	Last Price	Aud Price			Spread
BHP	59.49	45.48	-0.3%	6.0%	1.0%
Rio	66.27	101.33	-0.4%	6.9%	26.6%
CSL	91.49	279.79	-0.6%	-1.3%	0.2%
James Hardie	37.63	57.54	-1.7%	-8.4%	1.1%
ResMed	189.51	28.98	-2.2%	-0.1%	0.7%
Amcor	9.07	13.87	-0.4%	-4.2%	0.7%
Square	80.06	122.42	2.0%	-1.8%	-1.1%

*At time of writing

Source: Bloomberg

CitiFirst Warrants

1300 30 70 70

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.

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