



## CitiFirst Warrants (Australia)

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# Daily Market Overview

March 20, 2024

### Overnight Headlines:

- Bank of Japan saw the ending of their negative policy interest rate yesterday, raising interest rates for the first time in 17 years. BOJ Governor Ueda commented at his press conference that “Today's decision will only lead to a 0.1% increase in short-term interest rates. We will also increase bond-buying nimbly if there is a sharp rise in long-term rates. I don't think deposits or lending rates will rise sharply from today's decision.” ([Reuters](#))
- The US Supreme Court has allowed the Texas border enforcement law to take effect, allowing state authorities to arrest people suspected of crossing the US-Mexico border illegally. The Republican-backed law was a direct rejection of Joe Biden's administration's request, as the administration had asked the justices to freeze a judicial order allowing the law to take effect while its challenge to the statute continues in the lower courts. The court has a 6-3 conservative majority, and its three liberal justices voted against on Tuesday ([Reuters](#)).
- Hong Kong lawmakers almost unanimously passed a new national security law, almost within two weeks of the bill being introduced. The bill, known as Article 23, punishes offences including sabotage, treason, theft of state secrets, external interference and espionage with sentences ranging from several years to life imprisonment. Critics claim that the bill further threatens the China-ruled city's freedom ([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 \(excel\)](#)

[CitiFirst Instalment MINIs \(PDF\)](#)

## Top Traded Warrants By Value and Volume From Last Trading Day

Warrant Code	Value	Citi	Warrant Code	Volume	Citi
<b>XJOKOS</b>	\$889,527	Citi Sells	<b>CXOKCC</b>	500,000	Citi Buys
<b>MP1KOF</b>	\$392,255	Citi Sells	<b>TLSJOB</b>	150,000	Citi Sells
<b>DJXKOU</b>	\$299,778	Intraday	<b>XJOKOS</b>	143,723	Citi Sells
<b>XJOMQ</b>	\$283,660	Citi Buys	<b>NICKOE</b>	116,858	Citi Sells
<b>ZGCKOA</b>	\$261,000	Citi Sells	<b>LTRKOG</b>	111,000	Citi Sells

## Stopped Out Warrants:

Warrant Code	Strike	Stop Loss	Remaining Value	Stop Loss Date	Final Listing Date
<b>SHLKCC</b>	25.116	27.5	\$2.380	19/03/2024	21/03/2024

## Overnight Summary:

RATES
AUS 3yr 96.36 (-1.0bp)   AUS 10yr 95.91 (0.0bp)   US 10yr 4.30 (-2.6bp)   Bund 10yr 2.45 (-0.9bp)
<ul style="list-style-type: none"> <li>US Treasuries advanced as markets looked towards Wednesday's Fed press conference, boosted by a strong 20y bond auction. The award rate came -2bps through on a well-above average 2.79x bid-cover, a far cry from last month's 3.4bp tail (largest since the 2020 reintroduction). The end-user takedown also improved to 90.7% (vs 78.8% last month), thanks to a hefty 73.5% award to indirects (<a href="#">Citi</a>). The Fed is expected to maintain rates but traders look closely towards the economic and interest rate projections for the rest of the year. With stronger than expected economic data reports last week including the consumer price index (CPI) and the producer price index (PPI) for February, some questions have been raised about the widely expected June start to Fed rate cuts. 2y yields rallied by -4.03bps to 4.692% whilst the 10y rallied by -2.57bps to 4.298% (<a href="#">BBG</a>).</li> <li>European bonds advanced following ECB policymaker comments, with Luis de Guindos reiterating that the ECB needed far more data to see policy easing by June. ECB's Martin Kazaks said he was "comfortable" with investor bets on three interest rate cuts by the central bank by the end of the year. Money markets are pencilling in three cuts, with some chance of a fourth which would lower the 4% current rate to 3.25% or 3.0%. Despite the Bank of Japan's decision to end negative interest rate policy, which holds importance in Europe due to a large proportion of Japanese investors being holders of euro-zone government debt, euro-zone bonds continued to rally, shrugging off any concerns. Bunds rallied slightly after data showed German investor morale improved more than expected in March, with more than 80% of survey respondents expecting the European Central Bank to cut interest rates in the next six months. 2y bunds outperformed by -3.29bps to 2.914% while 10y bunds rallied by -0.96bps to 2.449%. The BTP-bund spread widened by +3bps</li> </ul>

to 125bps, with BTPs outperforming on the front end with 2y notes rallying by -0.42bps, whilst the rest of the curve lagged seeing 10y adding +2.31bps to 3.701%. UK saw solid demand for their 20y auction, seeing gilts outperform the euro-zone area. 2y gilts rallied by -3.82bps to 4.253% whilst 10y yields lowered by -3.19bps to 4.057% ([BBG](#)).

- Aussie bond futures bear flattened with the 3y yield up +1bp and the 10y remaining unchanged.

## EQUITIES

**S&P500 5,170.46 (+0.40%) | Stoxx600 505.23 (+0.26%) | FTSE100 7,738.30 (+0.20%)**

- U.S markets had a strong session overnight which saw the S&P500, Dow Jones and NASDAQ all finish in the green. The S&P500 finished up +0.40%, the Dow Jones was up +0.8% and the NASDAQ was up +0.35%. On the S&P500, all sectors except for Communication Services finished in the green with Energy the strongest performer up +1.08%. Communication services finished down -0.17%. AI-related stocks saw big moves throughout the U.S. session with poster child Nvidia advancing +1.7% after revealing pricing and shipment plans for its artificial intelligence chip, Blackwell B200. Nvidia claims the chip is 30 times faster than existing chips ([Reuters](#)). Spire Global surged +34.6% after the company announced an AI-driven weather forecasting collaboration with Nvidia ([Reuters](#)). Meanwhile AI server maker Super Micro Computer shed -9% after the company announced it would sell 2 million shares for an expected USD\$2 billion ([Reuters](#)). International Paper was the best performing stock on the S&P500 up +11% following the announcement of a new CEO.
- European markets also had a positive session which saw the Stoxx600 close up +0.26% and the FTSE100 close up 0.2%. The Stoxx600 had Energy as the best performing sector up +1.59% while Health Care was the worst down -0.49%. Meanwhile the FTSE100 also Energy as the best up +1.21% while Communication Services was the worst down -0.59%. Unilever added +3.1% with the company announcing plans to spin off its ice cream unit into a standalone business in an effort to align with its cost-savings program which will also see the company cut 7,500 jobs ([Reuters](#)). Siemens lost -5.8% as the company CFO noted that revenue at its digital industries division will be flat in Q2. CFO Ralf Thomas forecasted revenues at the division to be ~10% below previous years ([Reuters](#)). Atos plunged -19% after Airbus called off plans to buy the French software company's BDS cybersecurity unit. The announcement saw Airbus shares gain +1.8% ([Reuters](#)).

## FOREIGN EXCHANGE

**AUDUSD 0.6532 (+0.20%) | DXY 103.834 (+0.06%) | EURUSD 1.0865 (-0.03%)**

- The dollar increased +0.06% as FX markets moved through the RBA and BoJ portions of a busy week of CB activity. Next up of course is the FOMC, where our strategists think that any USD increase on hawkishness pre-presser could be a good opportunity to sell USD, in-line with their bearish USD view into Q2. On the data front we also saw housing starts rebound from 1374k to 1521k in February ([Citi](#)). In USDJPY, despite NIRP being ended as expected, the high bar for any hawkish reaction was seemingly not met, leading to sustained Yen weakness (USDJPY +0.38%). Our trader sees further JPY selling in the short term as stale longs cut and people go short hoping 'carry' supply is forthcoming. He sees potential to rise through the 150.90 level with 151.90/95 being next in line, although notes risks around intervention, JPY data and cross asset vol suggests caution in chasing upside ([Citi](#)).

- The Aussie climbed +0.20% overnight to claw back some of the losses after yesterday's RBA, where rates were of course held but we saw more dovish messaging out of the bank's statement. The removal of the phrase "a further increase in interest rates cannot be ruled out" creates opportunity for further explicit dovish bias in upcoming meetings. However any RBA pivot (expected in June) may have a somewhat limited impact on AUD pairs. Our strategy team notes that over the next few months, trends in China regarding stimulus and economic recovery will be more important for AUD than monetary policy. Elsewhere in the high beta space USDCAD was little changed after initially spiking on CAD inflation data. CPI rose 0.3% MoM and fell to 2.8% YoY, another softer month after January weakness compared to our and consensus forecasts for a 0.6% increase. ([Citi](#)). NZDUSD fell -0.03% to 0.6054.
- EURUSD was little changed as Citi's positioning indicators flash warning signs in the pair, highlighting longs are near max (+9.9 out of +/-10) levels not seen since early 2021. EUR data will be a key test, with Q4 labour costs dropping to just 3.4% YoY vs 5.2% in the quarter prior. This extremely dovish read was somewhat balanced out by a 2y high in Germany ZEW survey expectations, with investor confidence rising to 31.7 vs 20.5 consensus forecasts, suggesting slight upside risk to upcoming PMI data. With the mixed EU data, the FOMC may be the tipping point one way or the other for EURUSD, although we also note the pair is now testing the collection of significant Mas. Our trader sees an initial support at 1.0840-62. A test of 1.08 cannot be ruled out though unlikely into FOMC ([Citi](#)). GBPUSD was up 0.08% to 1.2721.

## COMMODITIES

**Gold 2,157.70 (+0.09%) | WTI 83.47 (+1.13%) | Copper 8976.00 (-1.23%) ^**

- **Energy:** Oil prices reached multi-month highs again on Tuesday, with WTI crude advancing to \$83.47/bbl (+1.13%) and Brent crude to \$87.40/bbl (+0.81%). This increase is largely attributed to the impact of Ukraine's attacks on Russian refineries on global petroleum supplies, along with declining crude exports from Saudi Arabia and Iraq. Additionally, signs of stronger demand and economic growth in China and the U.S. bolstered the market. Upcoming U.S. inventory data and OPEC+ cuts extending until the end of June are key factors to watch. ([Reuters](#))
- **Metals:** Gold prices saw a small decline overnight before settling around unch (+0.09% to \$2,157.70/oz) ahead of the Federal Reserve's interest rate decision. The dollar's strength, reaching a more than two-week high, contributed to making gold more expensive for overseas buyers, influencing gold's price movement. Additionally, the market's anticipation of the Federal Reserve's stance on interest rates and comments from Fed Chairman Jerome Powell are expected to be critical for future gold price directions. Meanwhile, silver, platinum, and palladium also faced losses, reflecting broader trends in the precious metals market ([Reuters](#)).

Overnight Summary					
	Last Price	1d (net)	1d (%)	1m (%)	YTD (%)
<b>Equities</b>					
S&P 500	5,178.51	29.09	0.6%	3.5%	8.6%
Nasdaq	16,166.79	63.34	0.4%	2.5%	7.7%
Dow Jones	39,110.76	320.33	0.8%	1.2%	3.8%
Euro Stoxx 50	5,007.92	25.16	0.5%	5.1%	10.8%
FTSE100	7,738.30	15.75	0.2%	0.1%	0.1%
TOPIX	2,750.97	28.98	1.1%	4.5%	16.3%
KOSPI	2,656.17	-29.67	-1.1%	-0.1%	0.0%
Shanghai Comp	3,062.76	-22.17	-0.7%	4.8%	3.0%
ASX200 Futures	7,715.00	13.00	0.2%	1.4%	1.7%
VIX Index	13.82	-0.51			
<b>Foreign Exchange</b>					
DXY	103.8260	0.03	0.0%	-0.4%	2.5%
AUDUSD	0.6532	0.00	0.2%	-0.1%	-4.1%
EURUSD	1.0864	0.00	0.0%	0.8%	-1.6%
GBPUSD	1.2721	0.00	0.1%	1.0%	-0.1%
USDJPY	150.8800	0.57	0.4%	-0.5%	-6.5%
USDCHF	0.8881	0.00	-0.1%	-0.6%	-5.3%
<b>Fixed Income - 10y</b>					
	%	bps		bps	bps
Aus (Fut.)	4.09%	-0.50		-10.50	12.50
United States	4.29%	-3.38		1.53	41.16
United Kingdom	4.06%	-3.20		1.75	52.68
Germany	2.45%	-0.98		7.71	42.72
France	2.88%	-0.59		3.69	32.76
Italy	3.70%	2.30		-15.52	1.03
<b>Commodities</b>					
WTI Crude	83.42	0.70	0.8%	5.3%	16.4%
Brent Crude	87.39	0.50	0.6%	4.6%	13.4%
Copper c/lb	405.85	-5.60	-1.4%	5.7%	4.3%
Nickel	17,872.00	-202.00	-1.1%	9.3%	7.6%
Zinc US\$/mt	2,532.00	-29.00	-1.1%	6.2%	-4.7%
Aluminium US\$/mt	2,277.50	3.00	0.1%	2.7%	-4.5%
Iron Ore US\$/mt	109.25	-0.58	-0.5%	-13.2%	-19.9%
Gold US\$/oz t	2,158.33	0.95	0.0%	7.0%	4.6%
Silver US\$/oz t	24.92	-0.05	-0.2%	8.2%	4.7%
Bitcoin USD	63,603.91	-3,748.47	-5.8%	22.5%	49.6%
Lithium (ETF)	45.69	-0.42	-0.9%	4.9%	-10.3%
<b>DLCs</b>					
	Last Price	Aud Price			Spread
Rio PLC	4,937.00	96.15	1.0%	-9.0%	25.2%
South 32 - Lon	158.00	3.08	-1.5%	4.4%	1.4%
South 32 - J/burg	3,793.00	3.07	-1.5%	4.6%	1.6%
Virgin Money	209.00	4.07	-0.5%	30.7%	-0.5%
NWS A	25.74	39.41	1.1%	-1.9%	3.0%
<b>ADRs</b>					
	Last Price	Aud Price			Spread
BHP	56.64	43.36	1.4%	-6.1%	0.5%
Rio	62.81	96.16	0.9%	-9.1%	25.2%
CSL	91.06	278.81	-0.4%	-1.7%	0.1%
James Hardie	39.76	60.87	1.3%	5.6%	-1.2%
ResMed	193.02	29.55	1.1%	7.0%	0.6%
Amcor	9.38	14.36	-0.4%	3.8%	0.6%
Square	79.32	121.43	-1.9%	20.8%	1.6%

**\*At time of writing**

*Source: Bloomberg*

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