



CitiFirst Warrants (Australia)

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Daily Market Overview

June 13, 2024

Overnight Headlines:

- Acknowledging modest inflation progress, Powell has cited need for more data before any rate cuts. The Fed now projects just one rate cut for 2024, tapering previous forecasts of three cuts. Maintaining a two-decade high, policymakers kept rates steady overnight, with the forecast pared back from the previously anticipated three reductions ([BBG](#)).
- Responding to subsidies investigation, EU targets EV imports from China of up to 48% additional levies to hike consumer costs, escalating trade tensions. Beginning next month, the European Union will enforce higher tariffs on electric vehicles imported from China, amplifying trade friction and impacting EV prices ([BBG](#)).
- May sees marginal easing in Indian inflation, yet remains above RBI's target with food prices staying high amid severe heat, while core inflation softened at 4.75% compared to 4.73% in April (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
XJOMCW	\$474,300	Citi Sells	KARKCF	100,000	Citi Sells
XJOKOB	\$421,659	Citi Sells	BOEKOC	99,500	Citi Sells
CBAKOZ	\$367,104	Citi Buys	ZSIKCD	85,000	Citi Sells

XJOMCV	\$309,460	Citi Sells	BSLKOA	81,000	Citi Buys
NDXKOX	\$269,061	Intraday	XJOKOB	71,732	Citi Sells

Stopped Out Warrants:

Warrant Code	Strike	Stop Loss	Remaining Value	Stop Loss Date	Final Listing Date
PLSKCB	2.8997	3.47	\$0.550	12/06/2024	14/06/2024
ALXJOA	4.3608	5.01	\$0.545	12/06/2024	14/06/2024
BOEKOB	3.5751	4.1	\$0.460	12/06/2024	14/06/2024
FMGKOJ	20.3309	23.33	\$2.960	12/06/2024	14/06/2024
NDXKOV	20152.9685	19167	\$14.920	12/06/2024	14/06/2024
NDXKOW	20457.4123	194601	\$14.910	12/06/2024	14/06/2024
SPFKOX	5647.3758	5429	\$3.260	12/06/2024	14/06/2024

Overnight Summary:

RATES	
AUS 3yr 96.10 (+5.0bp) AUS 10yr 95.77 (+6.2bp) US 10yr 4.32 (-8.8bp) Bund 10yr 2.53 (-9.2bp)	
<ul style="list-style-type: none"> US treasuries advanced following the FOMC meeting where the Fed forecasted one rate cut this year, down from three, whilst reiterating the importance of focusing on impending data. CPI printed before the meeting softer at 0.2% compared to 0.3% expected, pushing an early rally before ending the day with gains faded after the meeting. Core PCE inflation is expected to end the year at 2.8%, up from 2.6%. 2y treasuries rallied by -8.22bps to 4.752%, whilst the 5y led gains, seeing the 2s5s10s flatten by -3.99bps. 10y treasuries rallied by -8.8bps to 4.316% (BBG). European bonds declined, following suit from the US after the FOMC meeting. Gains were led by gilts, as money markets increase rate cut bets for both the ECB and BOE. Rate cut wagers were added to for the ECB, seeing 37.5bps of cuts this year compared to 33bps previously. 2y bunds ended -6.84bps lower at 2.95% and the 10y led gains, down -9.23bps to 2.529%. The BTP-bund spread tightened by -6bps to 139bps, with BTPs outperforming its euro-area peers. The 2y ended -10.1bps lower at 3.51% and the 10y ended -15.3bps lower at 3.918%. Traders added to BOE rate cut bets, with 41bps expected this year, compared to 33bps. 2y gilts rallied by -12.6bps to 4.203% whilst the 10y ended -14.1bps lower at 4.125% as the biggest fall since December (BBG). Aussie bond futures bull flattened with the 3y price up +5bps and the 10y price up +6.2bps. 	

EQUITIES

S&P500 5,421.03 (+0.85%) | Stoxx600 522.89 (+1.08%) | FTSE100 8,215.48 (+0.83%)

- U.S. markets rallied overnight after softer-than-expected consumer prices and an unchanged policy rate from the Federal Reserve. Consumer prices went unchanged in May while economists had been expecting a +0.1% increase. Meanwhile the Fed chose to keep interest rates on hold (5.25% to 5.50%) in an expected move and see one rate cut by the end of the calendar year but four in 2025. The S&P500 gained +0.85%, the Dow slipped -0.09% and the NASDAQ added +1.53%. Information Technology (+2.46%) was the top performing GICS sector while Energy (-1.09%) fell the most. Individual movers saw Oracle continue to climb, gaining +13.32% despite missing quarterly revenue missing expectations (\$14.29bn vs. \$14.55bn expected). The database software giant announced AI-related deals with OpenAI and Alphabet. Apple continued to climb, rising a further +2.86% as its Worldwide Developer Conference continues. The rise made Apple the world's most valuable company with a market value of \$3.29tr, dethroning Microsoft which has a market value of \$3.24tr ([MarketWatch](#)). Broadcom gained +2.4% as the chip supplier for Apple and other tech giants beat estimates following strong demand for AI products. 2Q adjusted profit per share of \$10.96 beat estimates of \$10.80 while revenue of \$12.5bn also came in ahead of \$12.1bn expected. Chief executive Hock Tan said the company recorded \$3.1bn in AI product revenue and now expects total revenue for FY24 to increase by \$1bn to \$51bn ([BBG](#)).
- European markets also posted gains overnight, buoyed by signs of cooling U.S. inflation and a slowing UK economy. The Stoxx600 rallied +1.08% and the FTSE100 rose +0.83%. All Stoxx600 GICS sectors except Energy (-0.30%) finished higher with Information Technology (+2.46%) ahead. On the FTSE100, Energy (-0.38%) was one of two sectors to end lower while Industrials (+2.18%) gained the most. Rentokil Initial rallied +13.73% to the top of the Stoxx600 and FTSE100 after a report stated Trian Partners had amassed a significant stake in the pest-control business. Trian is now one of Rentokil's 10 largest shareholders ([WSJ](#)). Life insurer Legal and General fell -5.47% to the bottom of the FTSE100 after announcing a \$254.9mn share buyback and merger of its investment units ([Morningstar](#)). European automakers including BMW all fell around -1% on fears of Chinese retaliation after the European Commission announced it would impose duties on imported Chinese EVs ([Reuters](#)). Metal recycling company Umicore fell -7.53% to the bottom of the Stoxx600 after lowering its 2024 profit forecast. The company now expects EBITDA to be between 760mn and 800mn euros, down from 900mn to 950mn euros previously. The company, which also makes battery materials for carmakers, cited weak demand for battery materials due to slowing EV adoption ([Reuters](#)).

FOREIGN EXCHANGE

AUDUSD 0.6664 (+0.81%) | DXY 104.702 (-0.54%) | EURUSD 1.0809 (+0.62%)

- Soft CPI sent the dollar tumbling, down -0.54% since yesterday's Sydney close. We saw a flurry of activity in the NY session, with volumes up 300% as Core CPI rose 0.16%MoM compared to our forecast for 0.26% and consensus at 0.3%. Weakness was concentrated in various elements of "supercore" CPI, which overall declined modestly on the month. Auto insurance declined for the first time in two years, which could help reduce the wedge between strong CPI and PCE. Other services prices were soft, though shelter inflation picked up modestly for the first time in three months. Overall, elements of CPI lead us to pencil in a 0.11% increase in May core PCE (YoY 2.6% from 2.8%) (Citi). The Fed however went the other way, revising up their year-end PCE forecast from 2.6% to 2.8%, while the median dot now signals just one 25bp cut, down from three (and rates were of course held).

The revisions helped the dollar claw back some gains, though not nearly enough to recoup post-CPI losses. The dots however are likely already stale, with chair Powell using the presser to point out 'most' members would not have factored today's CPI into their economic projections, as has been the case historically on dual CPI-FOMC days. We continue to see the Fed cutting in September and at the next seven meetings subsequently(Citi). USDJPY touched 156 after CPI but has crept back to 156.64 since. Some clients bought the USDJPY dip before the Fed, though there wasn't much activity during the meeting. The move higher in US yields likely drove price action in the NY afternoon.

- The Aussie advanced +0.81% on the CPI induced move, although flow wise we noted net AUD selling on volumes close to 400% above their 30 day average. Labour force data today should make things interesting, with our forecast far and away non-consensus at 107k employment growth v 38.5k previously. The unemployment rate should fall to 3.9% from 4.1% on an unchanged participation rate. The unemployment rate unexpectedly rose in April, but this was because a larger than usual number of people were unemployed but had a job attachment (Citi). Our economists expect these people to have now been classified as employed and we should see AUD upside on the stronger employment figure, according to our FX strategists, who like expressing AUD strength v the Kiwi (Citi). Speaking of, NZD rallied +0.73% overnight.
- The Euro reached as high as 1.0850 post CPI and remained afloat ~ 1.0809, up +0.62% since yesterday's Sydney close. Some clients wanted to fade EURUSD upside, but there wasn't much flow behind it. EURUSD may stay range-bound for now, and given USD risks, crosses could be more attractive (Citi). GBP advanced +0.45%.

Overnight Summary					
	Last Price	1d (net)	1d (%)	1m (%)	YTD (%)
Equities					
S&P 500	5,421.03	45.71	0.9%	3.8%	13.7%
Nasdaq	17,608.44	264.89	1.5%	7.8%	17.3%
Dow Jones	38,712.21	-35.21	-0.1%	-2.0%	2.7%
Euro Stoxx 50	5,034.43	69.34	1.4%	-1.0%	11.3%
FTSE100	8,215.48	67.67	0.8%	-2.6%	6.2%
TOPIX	2,756.44	-20.36	-0.7%	1.2%	16.5%
KOSPI	2,728.17	22.85	0.8%	0.0%	2.7%
Shanghai Comp	3,037.47	9.42	0.3%	-3.5%	2.1%
ASX200 Futures	7,782.00	52.00	0.7%	0.0%	2.6%
VIX Index	12.04	-0.81			
Foreign Exchange					
DXY	104.6680	-0.61	-0.6%	-0.6%	3.3%
AUDUSD	0.6665	0.01	0.8%	0.9%	-2.2%
EURUSD	1.0811	0.01	0.6%	0.2%	-2.1%
GBPUSD	1.2799	0.01	0.5%	1.9%	0.5%
USDJPY	156.6100	-0.67	-0.4%	-0.2%	-9.9%
USDCHF	0.8941	0.00	-0.4%	1.6%	-5.9%
Fixed Income - 10y					
	%	bps		bps	bps
Aus (Fut.)	4.23%	-8.20		-10.70	26.30
United States	4.32%	-8.80		-17.05	43.70
United Kingdom	4.12%	-14.07		-4.70	59.65
Germany	2.53%	-9.20		2.02	50.77
France	3.14%	-8.81		14.28	58.12
Italy	3.92%	-15.26		5.96	22.83
Commodities					
WTI Crude	78.50	0.60	0.8%	0.3%	9.6%
Brent Crude	82.53	0.61	0.7%	-0.3%	7.1%
Copper o/lb	456.70	5.70	1.3%	-2.7%	17.4%
Nickel	17,818.00	-73.00	-0.4%	-6.0%	7.3%
Zinc US\$/mt	2,771.00	-79.50	-2.8%	-5.4%	4.3%
Aluminium US\$/mt	2,533.50	-38.50	-1.5%	0.2%	6.3%
Iron Ore US\$/mt	106.45	0.59	0.6%	-9.2%	-21.9%
Gold US\$/oz t	2,324.98	10.18	0.4%	-0.5%	12.7%
Silver US\$/oz t	29.73	0.37	1.2%	5.4%	24.9%
Bitcoin USD	68,340.01	256.35	0.4%	8.3%	60.8%
Lithium (ETF)	42.35	0.05	0.1%	-5.8%	-16.9%
DLCs					
	Last Price	Aud Price			Spread
Rio PLC	5,249.00	100.81	0.0%	-6.4%	20.1%
South 32 - Lon	191.40	3.68	1.6%	-0.1%	-1.0%
South 32 - J/burg	4,559.00	3.72	1.9%	3.3%	-2.2%
Virgin Money	214.00	4.11	0.2%	-0.6%	0.0%
NWS A	27.55	41.34	0.7%	10.1%	1.8%
ADRs					
	Last Price	Aud Price			Spread
BHP	57.39	43.05	1.0%	0.3%	1.0%
Rio	67.08	100.65	-0.1%	-3.9%	20.3%
CSL	94.78	284.41	0.6%	2.6%	-0.8%
James Hardie	31.86	47.80	5.3%	-13.7%	-2.2%
ResMed	210.89	31.64	0.3%	-1.4%	0.0%
Ampor	10.05	15.08	0.7%	-3.0%	0.0%
Square	64.63	96.97	0.7%	-9.4%	-0.1%

*At time of writing

Source: Bloomberg

CitiFirst Warrants

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