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Daily Market Overview

January 07 2025

- After nine years in power, Justin Trudeau has announced his resignation as Canada's Liberal Party leader and prime minister. Due to growing party pressure and plummeting polls ahead of this year's election, Trudeau has decided to step down from his position once a new leader is chosen. Parliament has been suspended until March 24 while this process is underway ([BGG](#)).
- Federal Reserve Vice Chair for Supervision Michael Barr has announced that he plans to step down from his position on 28th February, unless a successor is confirmed earlier. This resignation will be more than a year before his term ends. Barr justifies his decision, citing the "risk of a dispute" over his job would have been a potential distraction. This clears the way for President-elect Donald Trump to appoint a new bank regulator in the new year ([BGG](#)).
- Qualcomm has unveiled its new Snapdragon X chipsets at CES 2025 in Las Vegas. These chips are designed to power personal computers via advanced AI software at prices starting from US\$600. These chips will support Microsoft's Copilot+ Software, with laptops and small desktops and small desktop machines from Lenova and other technology companies, set for release in early 2025 ([BGG](#)).

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
BHPKOA	\$758,866	Citi Sells	BHPKOA	137,462	Citi Sells
BHPKOH	\$336,158	Citi Sells	SGRKCB	100,000	Citi Sells
ANZKOC	\$317,451	Citi Sells	ANZKOC	75,838	Citi Sells
XJOKCO	\$286,268	Intraday	BGLKOD	75,000	Citi Sells
CBAMOB	\$238,740	Citi Buys	KARKOD	62,173	Citi Sells

Stopped Out Warrants:

Warrant Code	Strike	Stop Loss	Remaining Value	Stop Loss Date	Final Listing Date
BGLKOB	0.9073	1.09	\$0.150	6/01/2025	8/01/2025
BHPKOD	34.2486	39.00	\$4.670	6/01/2025	8/01/2025

Overnight Summary:

RATES	
AUS 3yr 96.08 (-1.0bp) AUS 10yr 95.49 (-1.0bp) US 10yr 4.62 (+2.0bp) Bund 10yr 2.45 (+2.2bp)	
<ul style="list-style-type: none"> US: USTs twist-steepened overnight with 2y yields -1.04bps to 4.27% and 10y yields +2.03bps to 4.62%. The \$58 billion 3y auction proved slightly disappointing with the auction yield 1.2bps above expectations at 4.332%, however the bid-cover ratio of 2.62x still signals solid demand. (BBG). There remains the 10y auction tomorrow and the 30y auction on Thursday. Moreover, on the long-end, 30y yields climbed to their highest in over a year to 4.86% before paring some losses on the back of supply-pressure and Trump refuting the Washington Post's report of a narrower tariff plan. (BBG). Meanwhile, the Fed Governor, Lisa Cook indicated that policymakers can be more cautious with rate-cuts citing a strong and resilient labour market. (BBG). FOMC pricing remains under 2 cuts for 2025, about -41bps currently priced in. (Citi). As mentioned at the start, the curve steepened with 2s10s +2.88bps and 5s30s +1.71bps. EU: European bonds, barring Italy, twist-flattened overnight led by moves in Bunds where German CPI Y/Y printed 2.6% above 2.4% expectations. The higher inflation was driven by energy and food costs with 2y Bunds +3.37bps to 2.19% whilst underlying prices in the services sector remain high at 4.1%. (BBG). This follows Spain's stronger CPI print at the end of December (M/M 0.4% vs 0.2% expectations) as traders trimmed ECB easing slightly overnight ahead of tonight's (9pm Sydney) Euro CPI. Elsewhere, in the UK, Gilts sold-off across the curve, mirroring the long-end moves in USTs with 30y yields +2.30bps to 5.18%, near 1998 highs. (BBG). This follows the new Chancellor Reeves GBP40 billion of tax rises however significantly higher borrowing of net GBP142 billion. The BOE remains priced for about -59bps of easing in 2025 with the first full cut not priced until the May meeting. (Citi). AU: Aussie bond futures sold-off overnight with 3y prices -1bps and 10y prices -1bps. 	

EQUITIES

S&P500 5,975.85 (+0.56%) | Stoxx600 513.02 (+0.95%) | FTSE100 8,249.66 (+0.31%)

- **US:** US shares rose yesterday with the S&P500 (+0.56%) rising after a report suggested the incoming Trump administration could adopt a less aggressive tariff stance than expected. Among the GICS sector, Communication (+1.62%) was the top performing sector while Consumer Staples (-0.87%) led the decline. Among individual names, electronic maker Foxconn (+2.64%) rose after the company's Q4 2024 revenue surged 15.2% to US\$64.7 bn, with YoY revenue growing 42.3%. Nvidia (+3.96%) also rose with Foxconn being the sole supplier of their new NVLink Switchers ([Reuters](#)). Additionally, US auto makers such as Ford (+0.40%) and General motors (+3.12%) rose after a newspaper report highlighted that the new administration would be focused on imposing tariffs on every country, focusing on sectors that are deemed critical to economic security ([Reuters](#)). On the other hand, Axon Enterprises (-5.91%) fell as investors started to take profits after having its best year on record ([MSN](#)).
- **EU:** European stocks rose yesterday, with the Stoxx600 (+0.95%) rising after an investor report suggested that U.S. tariffs might be less severe than previously feared, boosting the automobile sector. Among the GICS sector, Information Technology (+4.75%) was the top performing sector while Communication (-0.70%) led the decline. Among the individual names, Technology stocks ASML Holding (+8.69%) and STMicroelectronics (+7.90%) rose after Microsoft announced that they would spend US\$80 bn on data centres for AI training by 2025 ([Reuters](#)). Additionally, luxury brands with strong ties to China such as LVMH (+3.81%) and Hermes (+4.51%) rose after the PMI numbers in China came above expectations showing strong signs of a growing economy. China's Services PMI printed at 52.2, which was above market expectations of 51.5 for December 2024 ([BBG](#)).

FOREIGN EXCHANGE

AUDUSD 0.6243 (+0.27%) | DXY 108.241 (-0.62%) | EURUSD 1.0388 (+0.76%)

- The DXY declined -0.62% to 108.241 at AUS close yesterday. This decline is a product of the release of a report that Trump's tariff plans might not be as broad as feared, but overnight the currency regained some ground after Trump denied the report. The dollar's decline was seen as an overreaction, and traders are still uncertain about Trump's tariff plans, which could lead to further volatility in the currency market ([BBG](#)). The USDJPY pair also fell -0.11% to 157.51. net flows were negative for Japan however, the client base was split with investors selling off the currency while banks and leveraged clients bought in ([CITI](#)).
- The AUDUSD and NZDUSD pair both rose +0.27% to 0.6243 and 0.5638 respectively. The Australian and New Zealand dollars climb after China's central bank followed up a pledge to promote growth with its support for the yuan. Specifically, The People's Bank of China set its daily reference rate stronger than expected, allaying concerns that Beijing will allow a sharper depreciation; strong Caixin services PMI print also signals improving domestic demand. The decline of the dollar also simultaneously pushed both these exchange rates higher ([BBG](#)).

- The EURUSD exchange rate lifted +0.76% to 1.0388. Although the evident recent climb experts are still bearish on this pair, with the chance of the currency dropping to parity by the end of the quarter being a strong conversation point ([BBG](#)). GBPUSD similarly rose +0.58% to 1.2514. Looking ahead, the main driver of movement for the Pound US Dollar exchange rate will likely be the release of several high-impact economic data points from the US including NFP and CPI prints ([BBG](#)).

COMMODITIES

Gold 2,635.26 (+0.14%) | WTI 73.58 (-0.14%) | Copper 9003.00 (+1.42%) ^

- **Energy:** Oil prices saw mixed results overnight with Brent finishing at \$76.34 (+0.16%) and WTI at \$73.58 (-0.14%). On the start of Monday, oil prices were poised to close at a 12-week high supported from a weaker USD and as the US winter storm prompted demand for heating from homes and businesses. However, prices eased before the close on the back of weak economic news from the US and Germany. In the US there was weakness in new orders for manufactured goods, demand for commercial aircrafts and business spending on equipment. Across the pond, in Germany, annual inflation beat expectations which reduced the pricing of rate cuts from the ECB ([Reuters](#)).
- **Metals:** Spot Gold edged higher overnight by 0.14% to finish at \$2,635.26. This was largely on the back of weak economic data from the US which increased the pricing of rate cuts from the Federal Reserve. The key piece of data to lookout for this week is US non-farm payrolls which will be notable determinant of the path of rate cuts by the US which in turn will dictate how Gold will move this year. Spot Silver finished at \$29.96 (+1.42%), Platinum fell to \$930.41 (-0.8%) and Palladium retraced to \$918.25 (-0.4%) ([Reuters](#)).

Overnight Summary					
	Last Price	1d (net)	1d (%)	1m (%)	YTD (%)
Equities					
S&P 500	5,975.38	32.91	0.6%	-1.9%	1.6%
Nasdaq	19,864.98	243.30	1.2%	0.0%	2.9%
Dow Jones	42,706.56	-25.57	-0.1%	-4.3%	0.4%
Euro Stoxx 50	4,986.64	115.19	2.4%	0.2%	1.9%
FTSE100	8,249.66	25.68	0.3%	-0.7%	0.9%
TOPIX	2,756.38	-28.54	-1.0%	1.1%	-1.0%
KOSPI	2,488.64	46.72	1.9%	2.5%	3.7%
Shanghai Comp	3,206.92	-4.51	-0.1%	-5.8%	-4.3%
ASX200 Futures	8,260.00	12.00	0.1%	-2.2%	1.4%
VIX Index	16.04	-0.09			
Foreign Exchange					
DXY	108.2300	-0.68	-0.6%	2.1%	-0.2%
AUDUSD	0.6246	0.00	0.3%	-2.3%	0.9%
EURUSD	1.0390	0.01	0.8%	-1.7%	0.3%
GBPUSD	1.2522	0.01	0.7%	-1.7%	0.0%
USDJPY	157.6000	-0.18	-0.1%	-4.8%	-0.3%
USDCHF	0.9045	-0.01	-0.6%	-2.8%	0.3%
Fixed Income - 10y					
	%	bps		bps	bps
Aus (Fut.)	4.51%	1.00		28.00	11.50
United States	4.62%	2.14		46.60	4.78
United Kingdom	4.61%	1.79		33.53	4.49
Germany	2.44%	2.28		33.99	8.12
France	3.26%	-2.70		38.27	6.54
Italy	3.57%	-1.64		37.85	4.99

*At time of writing

Source: Bloomberg

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