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Daily Market Overview

February 19, 2024

Overnight Headlines:

- Joe Biden denounced Vladimir Putin for Alexey Navalny's death, saying it highlighted the stakes for Russia's war in Ukraine. The president also blamed US lawmakers' failure to approve emergency aid to Kyiv for the fall of Avdiivka, which handed the Kremlin a significant battlefield victory after months of fighting for control of the city. ([BBG](#))
- China refrained from cutting a key policy interest rate as its central bank sought to shield the yuan from volatility, underscoring the challenges policymakers face as they try to manage economic risks and pressures from deflation. The People's Bank of China held the interest rate on its one-year policy loans at 2.5% on Sunday while injecting a small amount of cash into the financial system, both moves in line with expectations among most economists surveyed by Bloomberg. The move came after the yuan slipped to a three-month low in offshore trading last week amid a resurgence in the dollar. ([BBG](#))
- Finance Minister Bruno Le Maire lowered France's 2024 economic growth forecast to 1% and announced plans to cut spending by €10 billion (\$10.8 billion). This signals a worsening economic outlook in Europe as traders watch for signs the ECB will cut rates. Le Maire revised the outlook for gross domestic product from 1.4% in a TF1 television interview on Sunday evening. The central government spending cut will be made across all ministries and some programs with immediate effect, in order to make up for the shortfall in output, the minister said. ([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
XJBOC	\$1,158,282	Citi Buys	S32JOB	213,720	Citi Buys
WBCJCA	\$552,172	Citi Buys	LTRKOG	203,000	Citi Buys
BHPKOE	\$230,870	Citi Buys	PDNKOC	200,000	Citi Sells
DJXKOU	\$200,015	Intraday	PLSKCD	132,500	Citi Buys
CBAJOC	\$199,500	Citi Buys	S32JOA	111,500	Citi Sells

Stopped Out Warrants:

Warrant Code	Strike	Stop Loss	Remaining Value	Stop Loss Date	Final Listing Date
INGKOA	3.3829	\$3.89	0.415	16/02/2024	20/02/2024

Overnight Summary:

RATES
AUS 3yr 96.22 (-1.0bp) AUS 10yr 95.78 (-1.5bp) US 10yr 4.28 (+4.9bp) Bund 10yr 2.40 (+4.3bp)
<ul style="list-style-type: none"> US Treasuries opened 2.5-3 bps cheaper after Bostic stated that the Fed should not be in a hurry to cut on Thursday evening, and continued their move lower following hot PPI data. Final demand was stronger as headline MoM saw a +0.3% increase (+0.1% expected, -0.1% in December) and core was +0.5% (+0.1% expected); however, the strength stemmed from services that posted +0.6% MoM after falling -0.1% in December (Citi). In curves, the front end led the selloff with 2y yield +6.8bps leaving 2s10s 1.9bps steeper at -36 while 5s30s was +3.2bps higher as the belly cheapened +5.9bps as it approaches the 4.30% support level in a short-term, daily format (Citi). In EU bonds, the US PPI data drove much of the move with Bund prices falling largely in line with the US with 2s10s a comparable +1.8bps steeper. ECB is now pricing ~10bps less than the day prior at 105bps (BBG). The selloff in Gilts was led by the belly with the 5y yielded +7.3bps on the day as traders are now pricing only 66 bps of BoE cuts in 2024 compared to 78 bps the day before. BTP's followed Gilts with belly in focus with yields +4.16bps in 5y and +2.75bps in 10y left the BTP-bund spread -2bps to 148. Aussie bond futures bear steepened with 3y yields +1bp and 10y yields +1.5bps higher.
EQUITIES
S&P500 5,005.57 (-0.48%) Stoxx600 491.59 (+0.62%) FTSE100 7,711.71 (+1.50%)

- US stocks closed lower on Friday after fresh data showed stronger-than-expected producer prices ([Barron's](#)). Citi Economics' Andrew Hollenhorst thinks that some of the same "January effect" may have boosted the much stronger-than-expected 0.6%MoM PPI reading after excluding food, energy, and trade - however also believes that the strength in medical services prices should not be dismissed as they represent the inevitable pass-through of higher labour costs ([Citi](#)). The S&P500 fell -0.48% on the day, the Dow Jones traded down -0.37% and the NASDAQ slid -0.82%. On an individual stock front, semiconductor equipment supplier Applied Materials advanced +6.8% on the day after reporting another quarter of elevated DRAM shipments to China which the company previously thought would end in the Jan-Q ([Citi](#)). Meanwhile, TV streaming platform Roku fell -23.8% after reporting its full-year results, despite recording a beat and forecasting a positive 1Q24 Adj. EBITDA outlook, which was somewhat surprising to us ([Citi](#)).
- European equities, on the other hand, closed the week on an upbeat note, moving higher after a fresh batch of earnings releases and further signs that the ECB may soon look to cut rates ([RT](#)). The Office for National Statistics also reported a rebound in UK retail sales in January (up +3.4%) after a weak December reading. The Stoxx600 reached a new two-year high on the day, advancing +0.62%, led by mining stocks which advanced ~2.5% over the course of the week. The FTSE100 notched a daily gain of +1.50%. In notable stock moves, Natwest Group advanced +7.82% on the day after reporting its results, including a 4Q23 Beat on non-NII & impairments and despite a mixed 2024 outlook ([Citi](#)).

FOREIGN EXCHANGE

AUDUSD 0.6534 (+0.23%) | DXY 104.275 (-0.13%) | EURUSD 1.0783 (+0.22%)

- The DXY Index declined 0.13% but still finished up about 0.20% to cap off its seventh straight week of gains. This came as housing starts fell -14.8% MoM (0.0% expected) after last month was revised up from -4.3% to +3.3%, with building permits also declining -1.5% against the expected +1.3% growth. Further, US PPI ex food, energy, and trade rose 0.6% MoM (vs 0.1% expected), and the University of Michigan survey shown that inflation expectations had ticked up in the 1-year category (3.0% vs 2.9% expected and prior) and also in the 5-10-year category (2.9% vs 2.8% expected and 2.9% prior). Meanwhile, the Fed's Bostic said that he sees rates returning "to a more neutral stance in the summertime" ([BBG](#)), whilst Daly said that three interest rate cuts was a "reasonable baseline" and that "we will need to resist the temptation to act quickly ... and be prepared to respond agilely as the economy evolved" ([BBG](#)). Meanwhile, USDJPY rose 0.03% to 150.26 as Japan's Finance Minister, Suzuki, said that he is watching the yen's moves with a high sense of urgency ([BBG](#)).
- AUDUSD rose 0.23% and NZDUSD was up 0.46% as commodity prices rallied.
- EURUSD rose 0.22%, whilst GBPUSD appreciated 0.15% as UK retail sales ex auto fuel rose 3.2% MoM (vs 1.7% expected) after last month's figure was downwardly revised to -3.5% from -3.3%.

COMMODITIES

Gold 2,013.59 (+0.52%) | WTI 79.19 (+1.35%) | Copper 8489.00 (-0.58%) ^

- Energy: Crude closed higher on Friday, driven by escalating geopolitical tensions in the Middle East. Despite the IEA trimming their oil demand forecast, escalating tensions as Israel strikes Rafah more than offset demand concerns ([RT](#)). Brent was +0.81% higher at \$83.47 and WTI gained +1.35% at \$79.19.
- Metals: Gold was up +0.52% at \$2,013.59, as the DXY cooled. Silver also made gains, up +2.02% at \$23.42. Iron ore lost -0.51% at \$30.60/tn with base metals mixed. Copper was

-0.58% lower at \$8,489/tn, nickel was +0.46% higher at \$16,356, zinc was +0.29% higher at \$2,385 and aluminium was -0.56% lower at \$2,218.

Overnight Summary					
	Last Price	1d (net)	1d (%)	1m (%)	YTD (%)
Equities					
S&P 500	5,005.57	-24.16	-0.5%	3.4%	4.9%
Nasdaq	15,775.65	-130.52	-0.8%	3.0%	5.1%
Dow Jones	38,627.99	-145.13	-0.4%	2.0%	2.5%
Euro Stoxx 50	4,765.65	22.48	0.5%	7.1%	5.4%
FTSE100	7,711.71	114.18	1.5%	3.3%	-0.3%
TOPIX	2,624.73	32.88	1.3%	4.6%	10.9%
KOSPI	2,648.76	34.96	1.3%	7.1%	-0.2%
Shanghai Comp	2,865.90	36.21	1.3%	-0.9%	-3.7%
ASX200 Futures	7,607.00	8.00	0.1%	2.9%	0.3%
VIX Index	14.24	0.23			
Foreign Exchange					
DXY	104.2750	-0.13	-0.1%	0.9%	2.9%
AUDUSD	0.6532	0.00	0.2%	-0.6%	-4.1%
EURUSD	1.0781	0.00	0.2%	-0.9%	-2.3%
GBPUSD	1.2608	0.00	0.2%	-0.8%	-1.0%
USDJPY	150.1700	-0.01	0.0%	-1.3%	-6.1%
USDCHE	0.8799	0.00	-0.1%	-1.4%	-4.4%
Fixed Income - 10y	%	bps		bps	bps
Aus (Fut.)	4.22%	1.50		-8.50	26.00
United States	4.28%	4.82		15.66	40.11
United Kingdom	4.10%	5.42		18.00	57.62
Germany	2.40%	4.30		6.07	37.93
France	2.87%	3.58		4.59	31.92
Italy	3.87%	2.74		0.13	18.95
Commodities					
WTI Crude	79.19	1.16	1.5%	9.4%	10.5%
Brent Crude	83.47	0.61	0.7%	6.6%	8.3%
Copper o/lb	383.85	8.05	2.1%	1.9%	-1.3%
Nickel	16,356.00	98.00	0.6%	1.3%	-1.5%
Zinc US\$/mt	2,385.00	30.50	1.3%	-6.4%	-10.3%
Aluminium US\$/mt	2,218.00	-6.50	-0.3%	0.2%	-7.0%
Iron Ore US\$/mt	130.20	-0.16	-0.1%	-2.8%	-4.5%
Gold US\$/oz t	2,013.59	9.04	0.4%	-0.7%	-2.4%
Silver US\$/oz t	23.42	0.46	2.0%	2.2%	-1.6%
Bitcoin USD	51,702.86	-105.41	-0.2%	25.9%	21.6%
Lithium (ETF)	43.54	1.15	2.7%	-3.4%	-14.5%
DLCs					
	Last Price	Aud Price			Spread
Rio PLC	5,515.00	106.46	3.5%	1.5%	21.1%
South 32 - Lon	150.40	2.90	-1.3%	-10.4%	-0.8%
South 32 - J'burg	3,575.00	2.90	-1.8%	-12.8%	-0.7%
Virgin Money	160.65	3.10	1.0%	9.2%	0.0%
NWS A	26.24	40.17	-1.0%	11.3%	5.3%
ADRs					
	Last Price	Aud Price			Spread
BHP	60.34	46.19	1.2%	-0.2%	-1.3%
Rio	69.12	105.82	2.3%	-0.1%	21.9%
CSL	92.61	283.56	-0.5%	-1.2%	0.2%
James Hardie	37.66	57.65	0.4%	1.3%	-0.6%
ResMed	180.46	27.63	-1.2%	4.5%	-0.1%
Amcor	9.04	13.84	0.6%	-4.3%	-0.1%
Square	65.64	100.49	-5.5%	1.8%	6.5%

*At time of writing

Source: Bloomberg

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