CitiFirst Warrants (Australia)

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Daily Market Overview

August 8, 2024

Overnight Headlines:

- DBS Group Holdings Ltd. has announced that Tan Su Shan will succeed Piyush Gupta as CEO in March, making her the first woman to lead Southeast Asia's largest bank. Tan, who currently heads the institutional banking group and serves as deputy CEO, will take over when Gupta retires at the annual general meeting on March 28. Gupta, who has been with DBS for over 14 years, is credited with significantly transforming the bank (BBG).
- Adani Enterprises is considering raising between 100 billion and 120 billion rupees (approximately $1.2 billion) through a share sale, according to sources familiar with the plan. The move, which follows a recent fundraising effort by the firm's power transmission unit, might be executed via a qualified institutional placement (QIP). The share sale could potentially occur as early as September, with Adani Enterprises working closely with banks on the deal (BBG).
- China's export growth unexpectedly decelerated in July, highlighting a potential slowdown in global demand that could impact the country's economic stability. Exports increased by 7% year-over-year in dollar terms, falling short of the 9.5% forecast. Conversely, imports rose by 7.2%, driven by chip equipment orders aimed at mitigating future U.S. restrictions, narrowing the trade surplus to $84.65 billion from the previous month (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

NDXKOJ	$2,594,282	Citi Sells	**S32JOA**	300,000	Citi Sells
WDSJOD	$762,480	Citi Buys	**WDSJOD**	263,834	Citi Buys
TLSJOA	$456,000	Citi Buys	**TLSJOA**	200,000	Citi Buys
XJOMOV	$444,800	Citi Sells	**BGLKOC**	135,000	Citi Buys
SUNJOI	$440,539	Intraday	**WDSWOC**	105,000	Citi Sells

Stopped Out Warrants:

Warrant Code	Strike	Stop Loss	Remaining Value	Stop Loss Date	Final Listing Date
NICKCB	0.6213	0.77	$0.140	7/08/2024	9/08/2024
ZIPKOA	1.3824	1.65	$0.260	7/08/2024	9/08/2024

Overnight Summary:

RATES

AUS 3yr 96.32 (-3.0bp) | AUS 10yr 95.87 (-4.5bp) | US 10yr 3.94 (+5.1bp) | Bund 10yr 2.27 (+6.7bp)

- US treasuries declined amid a weak 10y auction, back to pre-NFP levels from last Friday. 10y treasuries rose +6bps to 3.95%, following the $58bn 10y auction came in at a bid-to-demand ratio of 2.32, well below average of 2.53, tailing 3.1bps. The afternoon saw further bear steepening ahead of Thursday's claims data and 30y auction. 2s10s holds above the -13bps level. 2y treasuries end -1.32bps lower to 3.962% and the 10y ends +5.12bps higher to 3.943% (BBG).
- European bonds declined in a reversal of the last few days of panic. ECB governing member Olli Rehn said that the last few days of turbulence of the stock market was an "overreaction." ECB rate cut wagers were pared back to 69bps to year end, 2bps less than before. As risk appetite approves, the BTP-bund spread tightens by -2bps to 143bps. 2y bunds ended +2.07bps to 2.404% and the 10y ended up +6.9bps to 2.267%. BTPs followed suit with the 10y up +5.35bps to 3.703%. Gilts see the 2y lower by -1.48bps to 3.637% whilst the 10y ends +2.98bps higher to 3.949% (BBG).
- Aussie bond futures bear steepened with the 3y price down -3bps and the 10y -4.5bps.

EQUITIES

S&P500 5,199.50 (-0.77%) | Stoxx600 495.96 (+1.54%) | FTSE100 8,166.88 (+1.75%)

- U.S. shares ended lower overnight despite initially trading higher on tech stock strength. However, tech names lost steam in the afternoon to pull the overall market down. The S&P500 (-0.77%), Dow (-0.60%) and NASDAQ (-1.05%) all fell. On the S&P500, Utilities (+0.55%) was the top performing GICS sector while Consumer Discretionary (-1.44%) fell. Among individual names, Super Micro Computer (-20.14%) dropped with quarterly adjusted gross margins coming in below estimates (11.3% vs. 14.1% expected) on higher costs linked to the manufacture of the company's latest AI chips. Super Micro also forecast adjusted profit between $6.69 to $8.27 per share, with the midpoint below expectations of

$7.58. Rival Dell (-7.16%) also fell (Reuters). Airbnb (-13.38%) fell after the company warned about signs of a demand slowdown in the U.S. and shorter booking lead times globally. The company guided for 3Q revenue of $3.67b to $3.73b, below expectations of $3.84b (WSJ). Fortinet (+25.30%) rose after the cybersecurity provider reported 2Q earnings and revenue above estimates. Fortinet earnings in the June quarter rose 50% to 57 cents on an adjusted basis. Revenue climbed 11% to $1.43b. Meanwhile, analysts expected Fortinet earnings of 41 cents a share on sales of $1.4b (IBD). Axon (+18.39%) rose after beating 2Q earnings expectations and providing promising news on its new Draft One AI service. EPS of $1.20 came in ahead of $1.02 expected. Meanwhile, the company said Draft One has generated over $100m in yet-to-be recorded revenue. Draft One, launched in April, writes the first draft of a police report based on Axon Body Camera recordings. Axon says the AI-enabled product saves more than 50% of the time in writing reports (IBD).

- European stocks ended higher overnight with the Stoxx600 (+1.54%) posting its biggest one-day gain since November. All sectors on the index finished the day in positive territory with Financials (+2.48%) the top performer. Continental (+6.84%) gained after posting better-than-expected results. The German car parts profit margins improved across all divisions with adjusted EBIT rising +40.6% to 704m euros from the year prior. The company said 2H is expected to be even strong as cost-cutting and restructuring efforts begin to pay off (Reuters). Novo Nordisk (-6.71%) retraced yesterday's gain to log its steepest one-day fall since August 2022 after a disappointing profit outlook. The company cut its operating growth forecast this year to between 20% and 28%, down from 22% to 30%. Novo also said customers were staying on the drug for just 6 months with the company saying it will continue to restrict supplies of its starter dosage to the U.S (Reuters). Puma (-10.81%) fell after narrowing its full-year core profit outlook. The company now expects EBIT to be between 620m to 670m euros compared to 620m to 700m euros previously. The company cited higher freight costs, currency headwinds and a persistently muted outlook in China as reasons (Reuters).

FOREIGN EXCHANGE

AUDUSD 0.6520 (-0.26%) | DXY 103.187 (+0.06%) | EURUSD 1.0921 (0.00%)

- The night saw the dollar maintain a fairly tight range, up +0.06% since Sydney close. On the whole, the G10 complex was fairly mixed, as low yielders underperformed while high yielders broadly outperform. A weak US 10y treasury auction saw 10y yields flirting with 4%, which likely followed through to push equities into the red and the VIX from 22 to ~29. FX (barring some high beta pairs) however saw little to no follow through, which confirms that positioning is the dominant driver at the moment. (Citi). JPY was on the backfoot, (USDJPY +0.35%), though conviction seems limited with two way flow reported in NY. Our bias remains to sell USDJPY rallies, though our trader notes only a close above 148.50/70 (back of the uptrend that broke post NFP) alters the sell-on-rallies regime. Liquidity conditions are slowly improving but overnight, our eTrading desk still reported liquidity density in the pair being ~40% below the 30d average (Citi). JPY will remain in the spotlight Thursday, as we get BoJ Minutes from the July meeting.
- The Aussie and Kiwi were -0.26% and -0.22% lower respectively, seemingly getting caught up in the souring of risk sentiment post the 10y auction that saw an otherwise green day for US equities turn red in the NY afternoon. In what may cause further risk aversion, noise is picking up elsewhere outside of the middle east in terms of geopolitical concerns; European natural gas prices have found fresh YTD highs after unverified reports Ukrainian troops seized the key gas-transit point of Sudzha - the only remaining gas intake point for Russian pipeline gas going to Europe via Ukraine (Citi).

- GBPUSD was flat, along with EURUSD, which continues to consolidate between 1.09-1.10. Our economists note that recent June hard data (EA unemployment uptick last week, softer retail sales this week, possibly better IP next week) do not really add new information ahead of the ECB Sept meeting. There's a possibility the ECB's call of 0.4%QoQ GDP growth for the remainder of the year may not materialise should business sentiment continue to slide. Downside risks on growth could thus increase pressure on the hawkish parts of the Governing Council to cut rates again in September; we maintain our view that the ECB will cut rates only two more times this year by 25bp, in September and in December (Citi).

COMMODITIES

Gold 2,382.50 (-0.40%) | WTI 75.23 (+2.82%) | Copper 8770.00 (-1.78%) ^

- **Energy**: Oil prices rebounded from multi-month lows, gaining over 2% due to a larger-than-expected draw in U.S. crude stockpiles and ongoing supply concerns fuelled by tensions in the Middle East and disruptions in Libya. U.S. crude stocks fell significantly, adding to the bullish sentiment despite weak demand signals from China. Concerns about Middle East tensions also influenced the market sentiment (Reuters).
- **Metals**: Gold prices were relatively flat but faced downward pressure from a strengthening U.S. dollar and rising Treasury yields. Despite this, expectations of a U.S. rate cut in September and geopolitical tensions provided some support (Reuters).

Overnight Summary					
	Last Price	1d (net)	**1d (%)**	1m (%)	YTD (%)
Equities					
S&P 500	5,199.50	-40.53	**-0.8%**	-6.6%	9.0%
Nasdaq	16,195.81	-171.04	**-1.0%**	-11.8%	7.9%
Dow Jones	38,763.45	-234.21	**-0.6%**	-1.6%	2.8%
Euro Stoxx 50	4,668.06	92.84	**2.0%**	-6.3%	3.2%
FTSE100	8,166.88	140.19	**1.7%**	-0.5%	5.6%
TOPIX	2,489.21	55.00	**2.3%**	-13.2%	5.2%
KOSPI	2,568.41	46.26	**1.8%**	-10.1%	-3.3%
Shanghai Comp	2,869.83	2.55	**0.1%**	-1.8%	-3.5%
ASX200 Futures	7,598.00	-33.00	**-0.4%**	-1.9%	0.2%
VIX Index	27.85	0.14			
Foreign Exchange					
DXY	103.1930	0.01	**0.0%**	-1.6%	1.8%
AUDUSD	0.6520	0.00	**-0.4%**	-3.2%	-4.3%
EURUSD	1.0923	0.00	**0.1%**	0.9%	-1.1%
GBPUSD	1.2693	0.00	**-0.1%**	-0.9%	-0.3%
USDJPY	146.7000	0.13	**0.1%**	9.6%	-3.9%
USDCHF	0.8621	0.01	**0.7%**	4.1%	-2.4%
Fixed Income - 10y	%	bps		bps	bps
Aus (Fut.)	4.13%	**4.50**		-23.50	16.50
United States	3.94%	**5.11**		-33.63	6.40
United Kingdom	3.95%	**2.96**		-16.39	41.87
Germany	2.26%	**6.87**		-27.13	24.48
France	3.01%	**5.64**		-15.12	45.55
Italy	3.70%	**5.34**		-18.43	1.23
Commodities					
WTI Crude	75.23	2.03	**2.8%**	-9.5%	5.0%
Brent Crude	78.49	2.01	**2.6%**	-9.3%	1.9%
Copper c/lb	395.20	-7.50	**-1.9%**	-15.2%	1.6%
Nickel	16,385.00	109.00	**0.7%**	-5.5%	-1.3%
Zinc US$/mt	2,601.00	-32.50	**-1.2%**	-13.3%	-2.1%
Aluminium US$/mt	2,296.00	46.00	**2.0%**	-9.4%	-3.7%
Iron Ore US$/mt	102.00	0.64	**0.6%**	-6.6%	-25.2%
Gold US$/oz t	2,382.50	-12.21	**-0.5%**	1.0%	15.5%
Silver US$/oz t	26.61	-0.40	**-1.5%**	-13.5%	11.8%
Bitcoin USD	55,172.74	18.73	**0.0%**	-1.9%	29.8%
Lithium (ETF)	35.68	-0.26	**-0.7%**	-11.0%	-30.0%
DLCs	Last Price	Aud Price			Spread
Rio PLC	4,923.00	95.84	**0.2%**	-6.4%	21.7%
South 32 - Lon	147.00	2.86	**-1.2%**	-27.3%	0.6%
South 32 - J'burg	3,448.00	2.88	**-0.8%**	-26.3%	0.1%
Janus Henderson	33.60	51.53	**-1.8%**	-1.5%	#VALUE!
Virgin Money	214.80	4.18	**0.2%**	0.5%	-1.0%
NWS A	26.04	39.94	**-0.1%**	-5.2%	3.3%
ADRs	Last Price	Aud Price			Spread
BHP	52.76	40.46	**-1.4%**	-11.3%	1.4%
Rio	62.54	95.92	**-0.8%**	-7.5%	21.6%
CSL	99.00	303.68	**-0.3%**	-2.2%	0.2%
James Hardie	32.67	50.11	**-3.7%**	1.4%	0.4%
ResMed	210.94	32.35	**-3.6%**	8.3%	0.8%
Amcor	10.39	15.94	**-1.0%**	9.4%	0.8%
Square	58.05	89.03	**1.4%**	-11.8%	-1.6%

*At time of writing

Source: Bloomberg

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