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Daily Market Overview

June 19, 2024

Overnight Headlines:

- US Seeks Allies' Help in Curbing China's AI Chip Progress as Washington wants ASML, Tokyo Electron to limit China servicing. A senior American official is set to visit Japan and the Netherlands to ask the two countries to add fresh restrictions on China's semiconductor sector, including on its ability to make the high-end memory chips needed for artificial intelligence. ([BBG](#)).
- Nvidia became the most valuable company in the world overnight with a valuation of \$3.331tn, overtaking Microsoft ([BBG](#)).
- U.S. cities are breaking decades-old temperature records this week with a heatwave stretching from the central to eastern parts of the country with the hot spell affecting roughly 80mn people. Officials warn the event could become deadly ([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 Warrants by Value and Volume From Last Trading Day:

Warrant Code	Value	Citi	Warrant Code	Volume	Citi
ANZJCA	\$1,585,483	Citi Buys	PLSJOF	698,925	Citi Buys
FMGJOF	\$474,579	Citi Sells	PLSKCD	205,500	Citi Sells
CBAMOP	\$392,191	Citi Buys	PLSKOB	180,300	Citi Sells
XJOMOV	\$356,800	Citi Buys	ANZJCA	137,850	Citi Buys
PLSJOF	\$345,968	Citi Sells	FMGJOF	76,707	Citi Sells

Stopped Out Warrants:

Warrant Code	Strike	Stop Loss	Remaining Value	Stop Loss Date	Final Listing Date
CBAKCS	145.0193	127.59	17.39	18/06/2024	20/06/2024
FMGKOK	19.4340	22.22	2.64	18/06/2024	20/06/2024
NABMOQ	40.1882	35.36	4.66	18/06/2024	20/06/2024
NABMOR	40.6388	35.76	4.86	18/06/2024	20/06/2024
SPFKOY	5778.8651	5562	3.25	18/06/2024	20/06/2024

Overnight Summary:

RATES	
AUS 3yr 96.19 (0.0bp) AUS 10yr 95.85 (+0.5bp) US 10yr 4.22 (-5.8bp) Bund 10yr 2.40 (-1.8bp)	
<ul style="list-style-type: none"> US Treasuries advanced, boosted by a May retail sales miss (0.10% MoM vs 0.30% consensus) and the prior month was revised lower, in addition to a stronger rally in gilts. The \$13bn 30y auction was aggressively priced, trading 2.8bp through the WI and added to gains across long end as the 20y outperformed on the 10s20s30s fly. The 5.8% primary dealer award was the lowest on record since the tenor was re-introduced in May 2020 (BBG). European bonds advanced, paring back the previous day's losses. Gilts outperformed, rallying across the curve, bolstered by the US retail sales miss and ahead of UK May inflation figures due to be released on Wednesday. The 2y -6.65bps to 4.134% and the 10y -6.69bps to 4.047%. French bond yield premiums fell for a second day with the 10y -3.54bps to 3.165% as political risks subside. Bunds slightly bull flattened with the 2y -1.07bps to 2.799% and the 10y -1.73bps to 2.395%, whilst Italian bonds outperformed causing the BTP-bund spread to narrow -3bps to 150bps (BBG). Aussie bond futures bull flattened with the 3y unchanged and the 10y price up 0.50bp. 	
EQUITIES	
S&P500 5,487.03 (+0.25%) Stoxx600 515.01 (+0.69%) FTSE100 8,191.29 (+0.60%)	
<ul style="list-style-type: none"> Riding on gains from Nvidia, the S&P500 (+0.25%) and NASDAQ (+0.03%) closed at record highs while the Dow (+0.15%) also gained. Data released overnight also showed an unexpected slowdown in retail sales growth, which rose +0.1% in May compared to the +0.3% forecast. Financials (+0.64%) was the top performing GICS sector and Communication Services (-0.77%) led losses. Nvidia gained +3.51% and overtook Microsoft to become the world's most valuable company with a market valuation of \$3.331tn. Fellow chip stocks Qualcomm (+2.19%) and Micron (+3.8%) also continued to rally. Among non-chip stocks, education technology company Chegg rose +3.45% after 	

announcing job cuts and a restructuring effort. The platform will cut its workforce by 23% (~440 employees), close two offices outside the U.S. and undertake "other cost rationalisation". The company said the moves are expected to result in savings of \$40mn-\$50mn in 2025 ([MarketWatch](#)). Lennar slipped -4.98% after it forecast lower-than-expected 3Q home deliveries. Despite increasing revenue by +9% to \$8.77bn, beating analyst expectations of \$8.48bn, the home builder now expects deliveries of 20,500 to 21,000 in 3Q ([MarketWatch](#)).

- European markets rose overnight with a slip in government bond yields buoying the markets as French political concerns wane. The Stoxx600 gained +0.69% while the FTSE100 added +0.60%. The Stoxx600 had Utilities (+1.55%) as the top GICS sector while Consumer Staples (-0.22%) fell the most. All sectors on the FTSE100 rose with Utilities (+2.04%) the top gainer. Investment platform Hargreaves Lansdown rose +5.3% to the top of the FTSE100 after announcing it would agree to a GBP5.41bn takeover led by a CVC consortium. Hargreaves Lansdown previously rejected a GBP4.67bn bid. The consortium has until July 19 to make a firm offer or walk away ([Morningstar](#)). Equipment rental firm Ashtead Group lost -2.0% after denying reports in early June that it was considering moving its listing to the U.S. The company also forecast slower revenue growth for FY25 which it now expects to rise by 5% to 8% compared to a 10% rise in 2024 ([Reuters](#)).

FOREIGN EXCHANGE

AUDUSD 0.6655 (+0.45%) | DXY 105.267 (-0.11%) | EURUSD 1.0739 (+0.05%)

- Negative momentum continues in retail sales, following a miss in headline (0.1% v 0.3% exp) and weaker revisions from last month (flat to -0.2%). The multi-month undershoot relative to consensus forecasts is signalling that consumers' spending will no longer be able to support above-trend economic growth, according to Citi econ ([Citi](#)). The dollar was well offered on the data, down -0.11% since Sydney close yesterday. However, a triple dose of cautious Fed speak seemed to stall the declines in both the dollar and US yields. Musalem 'would support a hike if inflation progress stalls, reverses' while Barkin wants sustainability and broadening of inflation progress. Additionally, Kuglar thinks that inflation is still too high and that policy has more work to do, though notes cuts will likely be appropriate later ([Citi](#)). USDJPY was not able to sustain a break above 158, coming off slightly in line with the move lower in US yields to trade at 157.87.
- AUD was up +0.45%, maintaining strength in the London/NY sessions after the somewhat hawkish hold by the RBA yesterday, where it was confirmed they did consider hiking in June. Evidence of relative divergence continues to build. For instance, the NZ services PMI fell further into contractionary territory, while the monthly selected price index data suggested some softening in May. Separately, we finally got the anticipated uptick in government bond issuance out of China — historically an AUD tailwind — which provided a strong boost to TSF amid otherwise weak credit demand (remaining quota of RMB6.5 should support AUDUSD through year-end) ([Citi](#)). Meanwhile, NZD was up +0.47% overnight. RBNZ Chief Economist Conway is giving a speech titled "Inflation: The road back to 2%" as we speak and has so far noted Inflation may be more sticky in the near term could fall more quickly in the medium term, there is spare capacity emerging in the economy and this may help. Its unlikely this speech leans dovish, hawkish risk here.
- The EUR advanced +0.05% on dollar weakness, though came off slightly from overnight highs as moves in US yields stalled. The European Commission may publish an update on excess deficit procedures (EDP) tonight, amplifying fiscal concerns for France

into/post elections. While governments are given years to rein in their spending, it could potentially impact their eligibility for the ECB's backstop tool - the Transmission Protection Instrument. A positive outcome for French assets is if the Commission falls short of expectations ([Citi](#)).

COMMODITIES

Gold 2,329.46 (+0.48%) | WTI 81.54 (+1.62%) | Copper 9672.00 (+0.06%) ^

- **Energy:** Oil prices surged ~1% due to optimistic demand forecasts and geopolitical tensions. However the market is wary of US stockpile data, which recently showed a surprise build in crude inventories but a decrease in gasoline stocks ([Reuters](#)). US oil and corn groups have initiated a lawsuit against the Biden administration's new truck emissions rules, fearing a push towards electric vehicles will undercut biofuel demand ([Reuters](#)). Canada plans to impose a cap on oil and gas emissions. This move is expected to significantly impact the country's oil output ([Reuters](#)). Heightened hydropower generation following substantial rainfall has substantially reduced China's demand for coal. Recent high rainfall China's push towards renewables led increases from hydro (+33b kWh), solar (+12b kWh) and wind (+3b kWh) last month to be more than enough to meet China's consumption growth while diminishing the need for thermal power (-17b kWh) ([Reuters](#)).
- **Metals:** Over 50 firms have shown interest in developing lithium projects in Chile, driven by the global demand for lithium essential for EV batteries and renewable energy systems. Chile's proactive approach to bolster its lithium sector comes as the world increasingly turns to energy solutions that are less harmful to the environment ([Reuters](#)).

*At time of writing

Overnight Summary					
	Last Price	1d (net)	1d (%)	1m (%)	YTD (%)
Equities					
S&P 500	5,487.03	13.80	0.3%	3.5%	15.0%
Nasdaq	17,862.23	5.21	0.0%	7.0%	19.0%
Dow Jones	38,834.86	56.76	0.1%	-2.9%	3.0%
Euro Stoxx 50	4,915.47	35.05	0.7%	-2.9%	8.7%
FTSE100	8,191.29	49.14	0.6%	-2.7%	5.9%
TOPIX	2,715.76	15.75	0.6%	-1.1%	14.8%
KOSPI	2,763.92	19.82	0.7%	1.4%	4.1%
Shanghai Comp	3,030.25	14.36	0.5%	-3.9%	1.9%
ASX200 Futures	7,775.00	-8.00	-0.1%	-0.8%	2.5%
VIX Index	12.30	-0.45			
Foreign Exchange					
DXY	105.2680	-0.10	-0.1%	0.8%	3.9%
AUDUSD	0.6656	0.00	0.4%	-0.2%	-2.3%
EURUSD	1.0741	0.00	0.1%	-1.1%	-2.7%
GBPUSD	1.2710	0.00	0.1%	0.0%	-0.2%
USDJPY	157.8500	-0.12	-0.1%	-1.0%	-10.6%
USDCHF	0.8840	-0.01	-0.6%	3.0%	-4.8%
Fixed Income - 10y					
	%	bps		bps	bps
Aus (Fut.)	4.16%	0.00		-6.50	19.00
United States	4.22%	-5.82		-19.81	34.37
United Kingdom	4.05%	-6.70		-7.93	51.73
Germany	2.39%	-1.72		-11.94	37.36
France	3.16%	-3.54		17.47	60.78
Italy	3.89%	-5.22		8.08	19.96
Commodities					
WTI Crude	81.57	1.24	1.5%	1.9%	13.8%
Brent Crude	85.39	1.14	1.4%	1.7%	10.8%
Copper c/lb	449.05	4.30	1.0%	-11.2%	15.4%
Nickel	17,467.00	-108.00	-0.6%	-17.1%	5.2%
Zinc US\$/mt	2,815.50	48.00	1.7%	-7.1%	5.9%
Aluminium US\$/mt	2,501.50	-16.00	-0.6%	-4.2%	4.9%
Iron Ore US\$/mt	107.65	0.64	0.6%	-8.2%	-21.1%
Gold US\$/oz t	2,329.46	9.29	0.4%	-4.0%	12.9%
Silver US\$/oz t	29.54	0.19	0.6%	-7.2%	24.1%
Bitcoin USD	65,019.01	127.80	0.2%	-1.7%	53.0%
Lithium (ETF)	41.20	0.18	0.4%	-10.0%	-19.1%
DLCs					
	Last Price	Aud Price			Spread
Rio PLC	5,208.00	99.45	0.5%	-10.0%	19.9%
South 32 - Lon	189.80	3.62	0.9%	-4.9%	0.4%
South 32 - J'burg	4,379.00	3.65	-0.3%	-4.3%	-0.2%
Virgin Money	214.60	4.10	0.3%	0.0%	0.3%
NWS A	27.01	40.58	0.6%	2.7%	2.4%
ADRs					
	Last Price	Aud Price			Spread
BHP	56.66	42.56	0.7%	-7.8%	0.6%
Rio	66.26	99.55	0.4%	-10.0%	19.8%
CSL	97.53	293.06	1.6%	3.7%	0.3%
James Hardie	31.83	47.82	-0.5%	-13.4%	1.1%
ResMed	212.27	31.89	0.9%	-2.9%	0.5%
Amcor	9.97	14.98	0.1%	-2.9%	0.5%
Square	61.90	93.00	-1.0%	-14.3%	2.2%

Source: Bloomberg

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