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Daily Market Overview

December 19, 2024

Overnight Headlines:

- Last night, the US Federal Reserve delivered its third rate cut for the year, meeting the general consensus at a 25bps cut; the FOMC rate is now ranging between 4.25%-4.50%. This cut reflects the Federal Reserve's cautious approach despite stronger than anticipated economic resilience and delayed progress on inflation. With the announcement the Fed release, policy makers now expect 50bps worth of cuts in 2025 ([BBG](#)).
- Foreign Minister Penny Wong announced that Australia will be reopening its Kyiv embassy next month, the first time since the closing three years ago during Russia's invasion. The Foreign Minister has also promised \$66M to the European Banks for Reconstruction and Development, \$10M to the Ukraine Energy Support Fund and \$0.08M to a charity helping Ukrainian families ([Capital Brief](#)).
- The Italian lender UnitCredit boosted its holding in Commerzbank to ~28% — 9.5% direct ownership and 18.5% through derivatives. They declared that this decision was based on the drive to extract value from the German lender. UnitCredit is still seeking regulatory approval from the ECB and Germany's BaFin to raise its Commerzbank stake position to 29.9% ([Capital Brief](#)).

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
CBAMCS	\$249,927	Citi Buys	KARJCB	236,500	Citi Sells
FXUMOE	\$214,382	Citi Buys	KARKOD	120,953	Citi Buys
CBAKOH	\$177,225	Citi Sells	PL8JCA	100,000	Citi Buys
ANZKCJ	\$164,399	Citi Buys	FXUMOE	58,700	Citi Buys
XJOKCC	\$132,378	Citi Buys	WAMJCA	58,425	Citi Buys

Stopped Out Warrants:

Warrant Code	Strike	Stop Loss	Remaining Value	Stop Loss Date	Final Listing Date
BOEKCB	2.0360	2.33	\$0.285	18/12/2024	20/12/2024
CCPKOA	12.8573	15.37	TBC	18/12/2024	20/12/2024
KARJOF	1.0954	1.25	\$0.15	18/12/2024	20/12/2024
KARKOE	1.0302	1.23	\$0.19	18/12/2024	20/12/2024
NICKCC	0.6607	0.82	\$0.16	18/12/2024	20/12/2024
DJXKOC	41938.92	43563	\$25.95	18/12/2024	20/12/2024
DJXKOE	41365.01	42907	\$24.73	18/12/2024	20/12/2024
FXUMCA	0.6115	0.63	\$2.93	18/12/2024	20/12/2024
FXUMOE	0.6088	0.625	\$2.58	18/12/2024	20/12/2024
NDXKOA	20718.17	21723	\$16.11	18/12/2024	20/12/2024
NDXKOE	20351.05	21316	\$15.48	18/12/2024	20/12/2024
SPFKCA	5781.799	5997	\$3.45	18/12/2024	20/12/2024
SPFKOC	5859.59	6081	\$3.53	18/12/2024	20/12/2024

Overnight Summary:

RATES	
AUS 3yr 96.16 (-6.0bp) AUS 10yr 95.65 (-5.0bp) US 10yr 4.46 (+6.4bp) Bund 10yr 2.25 (+1.5bp)	
<ul style="list-style-type: none"> US: USTs sold-off across the curve following the FOMC meeting where they cut their target range by 25bps as expected, but also downgraded their 2025 median dots to just 2 cuts, below market consensus of 3. The FOMC also updated their 2025 median forecasts with inflation now expected to be higher at 2.5% from 2.1%, unemployment to reach 4.3% and a slight increase in economic growth to 2.1%. (BBG). In Powell's press conference, he stated the "proximity to the neutral rate is another reason to be cautious" with the belly now leading the sell-off with 5-year yields +13.70bps. (BBG). Powell also mentioned Trump's tariff policies being a consideration in some policymaker's decisions and the analysis of Trump's 201 tariffs to be a "good place to start". The next fully priced FOMC cut is now in September from May just yesterday, driving 2-year yields +10.70bps. Overall, the curve has bear flattened as 10-year yields +10.50bps and the 2s5s10s fly +6.89bps to its highest level in 2 years. EU: European bonds rallied in the front-end with headline annual HICP inflation revised down to 2.2% from the flash 2.3% estimate. (BBG). The January ECB meeting remains priced for -28bps of easing and a total of -115bps by the end of 2025, with German 2-year yields -2.37bps and French 2-year yields -1.81bps. In the UK, Gilts underperformed their European peers after CPI Y/Y printed at 2.6% in-line with consensus, but cemented expectations of slower interest-rate cuts from BOE. (BBG). The BOE meets tonight 11pm 	

(Sydney time) where a hold is widely expected with traders looking to further guidance on the trajectory of rates in 2025.

- **AU:** Aussie bond futures bear flattened overnight with 3y prices -6bps and 10y prices -5bps.

EQUITIES

S&P500 6,019.06 (-0.52%) | Stoxx600 514.43 (+0.15%) | FTSE100 8,199.11 (+0.05%)

- **US:** US Stocks fell with the S&P 500 falling (-0.52%) after the Fed cut interest rates by an expected 25bps but signalled a slower pace of cuts next year. All the GICS sectors declined, with Information Technology (-0.57%) being the top performer whilst Real Estate (-2.52%) led the decline. Among individual names, Jabil (+8.87%) surged after the company reported an adjusted EPS of US\$2, beating Wall Street's call for US\$1.88 ([Barron's](#)). Additionally, healthcare stock UnitedHealth (3.37%) surged after Donald Trump made comments that he wanted to "Knock Out" the prescription drug industry middlemen ([MSN](#)). On the other hand, Iron Mountain (-4.68%) declined after it went ex-dividend today, trading today without holders having the rights to receive a US\$0.71 dividend per share ([BBG](#)).
- **EU:** European shares were up overnight, with the Stoxx600 rising +0.15%, however, gains were capped on caution ahead of the Federal Reserve's policy decision and outlook. Among the GICS sector, Information Technology (+1.33%) was the top performer while Consumer Staples (-0.82%) led the declines. Among individual names, Commerzbank (+1.37%) rose after Germany's government rejected UniCredit's attempt to increase their stake in Commerzbank, with the company owning a 28% stake in the company through derivatives. They called the move an "uncoordinated and unfriendly approach" ([Reuters](#)). Additionally, Renault (+5.21%), which owns a minority stake in Nissan, saw its shares rise following reports of merger talks between Nissan and Honda ([CNBC](#)). On the other hand, Swiss food maker Nestle (-1.49%) dropped after it announced that it was launching protein shots in the United States which it says help suppress appetite for people losing weight ([Reuters](#)).

FOREIGN EXCHANGE

AUDUSD 0.6263 (-0.89%) | DXY 107.648 (+0.73%) | EURUSD 1.0408 (-0.94%)

- The US dollar rose overnight, with the DXY up +0.73% to 107.648. Federal Reserve officials lowered their benchmark interest rate for a third consecutive time this morning, but reined in the number of cuts they expect in 2025, signalling greater caution over how quickly they can continue reducing borrowing costs. Several officials now see their benchmark rate reaching a range of 3.75% to 4% by the end of 2025, implying two quarter-percentage-point cuts, according to the median estimate ([BBG](#)). Similarly USDJPY rallied up +0.7% to 154.48 breaking out of the range bound price action earlier this week due to the Fed's sentiment.
- AUDUSD fell -0.89% to a close price of 0.6263, majorly due to Fed decisions this morning. Australia's budget is expected to slip deeper into deficit due to rising government spending and a weakening Chinese economy. The anticipated deterioration in the budget is a blow to the government's narrative of sound economic management ahead of the national election. Similarly NZDUSD slipped -1.06% to 0.5684, officially becoming the worst performing G10 currency of this year. ([BBG](#))
- GBPUSD fell -0.6% to 1.2629. EURUSD also declined, falling -0.94% to 1.0408. Attention now falls on ECB officials as the 2025 Rate path debate heats up ([BBG](#)).

COMMODITIES

Gold 2,620.94 (-0.95%) | WTI 70.59 (+0.58%) | Copper 9028.00 (+0.43%) ^

- **Energy:** Oil prices climbed higher overnight with Brent gaining 0.27% to settle at \$73.39 and WTI rallying 0.71% to \$70.58. These gains were largely on the back of the Federal Reserve's 25bp cut however, these gains were capped as Jerome Powell signalled, they would slow down the pace of cuts than what was previously anticipated. The Energy Information Administration also reported that US crude stocks and distillate inventories fell which contributed to this rally. Geopolitical tensions will also continue to be a driver going forward with new uncertainty boiling over whether or not Turkey will incur into Kurdish lands in Syria ([Reuters](#)).
- **Metals:** Spot Gold shed over 1.5% to a near two week low of \$2,603.40 per ounce following the Federal Reserve's move to cut rates by 25bps although the commentary from Jerome Powell is what's really driving the market. The central bank released fresh projections for 2025 diagnosing a wait and see approach for Donald Trump taking power amidst rising inflation. Most notably they refreshed their forward guidance calling for just two 25bp cuts next year. Market participants are actively watching the tone of Jerome Powell today as well as the upcoming US GDP print which will provide more colour on US monetary policy going forward. Spot Silver dropped 1.6% to \$30.05 per ounce, Platinum fell 1.1% to \$927.90, while Palladium shed 1.8% to settle at \$918.23 ([Reuters](#)).

*At time of writing

Overnight Summary					
	Last Price	1d (net)	1d (%)	1m (%)	YTD (%)
Equities					
S&P 500	5,872.16	-178.45	-2.9%	-0.4%	23.1%
Nasdaq	19,392.69	-716.37	-3.6%	3.2%	29.2%
Dow Jones	42,326.87	-1,123.03	-2.6%	-2.4%	12.3%
Euro Stoxx 50	4,957.28	14.70	0.3%	3.5%	9.6%
FTSE100	8,199.11	3.91	0.0%	1.1%	6.0%
TOPIX	2,719.87	-8.33	-0.3%	0.4%	14.9%
KOSPI	2,484.43	27.62	1.1%	0.5%	-6.4%
Shanghai Comp	3,382.21	20.72	0.6%	1.1%	13.7%
ASX200 Futures	8,191.00	-123.00	-1.5%	-2.6%	8.0%
VIX Index	28.14	12.27			
Foreign Exchange					
DX	108.0790	1.19	1.1%	1.7%	6.7%
AUDUSD	0.6226	-0.01	-1.4%	-4.3%	-8.6%
EURUSD	1.0365	-0.01	-1.3%	-2.2%	-6.1%
GBPUSD	1.2583	-0.01	-0.9%	-0.7%	-1.2%
USDJPY	154.6500	1.30	0.8%	0.0%	-8.8%
USDCHF	0.9004	0.01	0.9%	-1.9%	-6.6%
Fixed Income - 10y	%	bps		bps	bps
Aus (Fut.)	4.39%	8.50		-18.50	42.50
United States	4.50%	9.94		10.19	61.90
United Kingdom	4.56%	3.39		11.60	102.73
Germany	2.24%	1.46		-9.19	22.22
France	3.04%	1.41		-2.70	49.07
Italy	3.40%	1.80		-14.84	-28.79
Commodities					
WTI Crude	70.00	-0.08	-0.1%	1.2%	-2.3%
Brent Crude	72.94	-0.25	-0.3%	-0.5%	-5.3%
Copper c/lb	404.60	-4.55	-1.1%	-1.8%	4.0%
Nickel	15,503.00	-205.00	-1.3%	-0.2%	-6.6%
Zinc US\$/mt	3,035.50	-20.50	-0.7%	3.0%	14.2%
Aluminium US\$/mt	2,542.50	-24.00	-0.9%	-4.0%	6.6%
Iron Ore US\$/mt	104.30	-0.38	-0.4%	2.4%	-23.5%
Gold US\$/oz t	2,592.61	-54.77	-2.1%	-0.7%	25.7%
Silver US\$/oz t	29.46	-0.99	-3.3%	-5.5%	23.8%
Bitcoin USD	101,175.89	-5,231.63	-4.9%	10.7%	138.0%
Lithium (ETF)	41.97	-1.48	-3.4%	-5.3%	-17.6%
Uranium (ETF)	24.15	-0.15	-0.62	-8.83	-14.54
DLCs	Last Price	Aud Price			Spread
Rio PLC	4,757.00	96.13	-1.3%	-2.2%	23.3%
South 32 - Lon	167.50	3.38	0.3%	-9.8%	-0.1%
South 32 - J'burg	3,858.00	3.38	0.5%	-9.8%	-0.1%
Alcoa	37.31	59.93	-2.9%	-15.2%	0.7%
NWS A	27.68	44.46	-2.0%	-3.3%	11.4%
ADRs	Last Price	Aud Price			Spread
BHP	49.40	39.67	-3.1%	-5.9%	1.5%
Rio	59.34	95.31	-3.4%	-4.5%	24.3%
CSL	87.11	279.83	-1.5%	-1.3%	0.9%
James Hardie	32.53	52.25	-3.4%	-9.2%	3.0%
ResMed	230.21	36.98	-5.1%	-3.8%	1.6%
Amcor	9.44	15.16	-3.0%	-7.0%	1.6%
Life360	41.43	22.18	-4.6%	2.8%	0.7%
Square	87.30	140.22	-7.7%	-3.8%	7.2%

Source: Bloomberg

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