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Daily Market Overview

June 11, 2024

Overnight Headlines:

- Nirmala Sitharaman secures her position as India's finance minister in Prime Minister Narendra Modi's refreshed coalition government, ensuring policy consistency in one of the globe's rapidly expanding economies. Additionally, she will oversee the corporate affairs ministry, as confirmed by a statement from the President's office ([BBG](#)).
- At its annual Worldwide Developers Conference, Apple Inc. finally reveals its eagerly awaited artificial intelligence advancements, featuring partnerships with OpenAI's ChatGPT. These innovations promise customized, secure, and deeply integrated experiences within the iPhone maker's ecosystem. Dubbed "Apple Intelligence," the platform offers text summarization, image creation, and data retrieval, as detailed by Senior Vice President Craig Federighi alongside updates to iPhone, iPad, and Mac operating systems ([BBG](#)).
- Following a significant setback in the European Parliament election, President Emmanuel Macron triggers turmoil in French politics by swiftly calling for legislative polls, reigniting his ongoing rivalry with far-right figure Marine Le Pen. Although Macron's presidency remains unaffected, the upcoming vote holds crucial implications for his legislative agenda, choice of prime minister, and the credibility of his political vision, given recent indications of a likely defeat ([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
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Stopped Out Warrants:

Warrant Code	Strike	Stop Loss	Remaining Value	Stop Loss Date	Final Listing Date
XJOKOX	8357.425	7860	4.93	7/06/2024	12/06/2024

Overnight Summary:

RATES	
AUS 3yr 96.00 (-3.0bp) AUS 10yr 95.64 (-4.9bp) US 10yr 4.47 (+3.4bp) Bund 10yr 2.67 (+5.0bp)	
<ul style="list-style-type: none"> US bonds declined following a soft 3y sale. Led by a wider sell-off in European bonds, losses were seen following the \$58bn 3y auction, tailing the WI by 1.1bps with a bid-to-cover ratio at 2.43, below the 2.57 recent average. Direct allotment dropped to 15.9% and the indirects were at 64.1% compared to 18.7% average and 63.2% average. 2y treasuries ended -0.64bps lower at 4.88% whilst the 10y ended +3.35bps higher at 4.467% (BBG). European bonds declined led by French bonds after President Emmanuel Macron called a last minute election, following his party's lagging in a European vote. 10y OATs jumped by +12.8bps to 3.22%, the highest since November, widening the OAT-bund spread by 7bps to 55bps, a six month high. Markets pared back rate cut bets by 3bps, pricing in 30bps of easing by year-end, whilst the EU mandated banks for a new 15y note. 2y bunds remained mostly unchanged at 3.083% (+0.15bps) and the 10y ended +5.12bps higher at 2.669%. BTPs sold-off by +11.6bps to 4.072% and the 2y ended +3.74bps higher at 3.622%, widening the BTP-bund spread by +7bps to 141bps. Gilts also declined, spurred by a 3.32x bid to cover for the BOE short term debt sale, with expectations of a 10y note later this week. BOE rate cut wagers were pared back by 5bps to 30bps of easing this year. 2y gilts ended +2.52bps at 4.394% and the 10y ended +6.05bps at 4.321% (BBG). 	
EQUITIES	
S&P500 5,360.79 (+0.26%) Stoxx600 522.16 (-0.27%) FTSE100 8,228.48 (-0.20%)	
<ul style="list-style-type: none"> U.S. markets rose modestly overnight with the S&P500 and NASDAQ closing at record highs. The S&P500 is up +0.26%, the Dow gained +0.18% and the NASDAQ rose +0.35%. Utilities (+1.28%) was the top gaining GICS sector while Financials (-0.39%) fell the most. Southwest Airlines rose +7.03% after activist investor Elliott Investment Management announced it had built up a \$1.9bn position in the company. The fund manager wrote an open letter to the airline's board detailing its underperformance and 	

pathway to industry-leading margins. The letter also said that new independent directors and leaders were needed in conjunction with a comprehensive business review ([Barron's](#)). Diamond Offshore Drilling rose +10.9% after oilfield service provider Noble said it would acquire the rival for \$1.59bn. Noble shares were up +6.1% on the news ([Reuters](#)). Nvidia closed +0.7% higher after its 10-for-1 stock split came into effect. Apple closed -1.9% lower ahead of its upcoming Worldwide Developer Conference. The tech giant also announced its AI strategy on Monday which will see its new "Apple Intelligence" brought to a range of apps including Siri. The iPhone maker will also be bringing ChatGPT to its devices ([WSJ](#)).

- European markets fell on Monday following political uncertainty after France's snap election announcement. The Stoxx600 fell -0.27% while the FTSE100 lost -0.20%. On the Stoxx600, all sectors except Energy (+0.87%) closed lower with Consumer Staples (-1.32%) leading declines. The FTSE100 had less one-sided sector performance but it was still Energy (+1.17%) ahead and Consumer Staples (-1.23%) lagging. French shares sold off overnight following the snap election announcement. Lenders BNP Paribas and Societe Generale slumped -4.76% and -7.46% respectively. Meanwhile airports group Aeroports de Paris was the second worst performer down -6.83%. ME Group International fell -4.9% despite the vending machine operator saying full-year profits were in-line with expectations. The company said positive trading momentum continued through to April 30 with revenue up +4.6% annual and pretax profit up +10%. The stock is up +30% year-to-date ([Morningstar](#)).

FOREIGN EXCHANGE

AUDUSD 0.6610 (+0.24%) | DXY 105.128 (-0.08%) | EURUSD 1.0764 (+0.03%)

- A weak 3y auction (1.1bp tail, 4th in a row > 1bp) contributed to a bear steepening in US yields overnight, although this did little to impact the dollar, down -0.08%. However, the DXY did hold above the 105 level. While the bar for any hawkish repricing has been raised post-NFP's, USD positioning still sits slightly short (direction is moving towards net neutral) to start the week, which could exacerbate any further upside price action. Hedge fund buying last Friday amid the post-NFP market moves did little to offset their previous selling throughout last week ([Citi](#)). USDJPY was little changed at just above 157 with notable Dollar buying flows against the Yen seen in NY. JPY shorts look safe for now, according to trading with USD momentum and positioning likely to drive action from here in the pair. Demand has shifted a bit from buying USDJPY on dips to reducing longs a bit on rallies. From here, next major resistance at 158 (pivot) then 160.245 (YTD high); support at 156 then 155 ([Citi](#)).
- The Aussie climbed +0.24% while the Kiwi was +0.29% higher overnight. FX strategy has moved long AUDNZD, arguing that the post-RBA unwind seemed excessive. Additionally, this week's AU employment data should post a strong rebound along with the fact they are more bearish the NZ backdrop. Ideally, they like entering closer to the pivotal 1.07 area but technicals look bullish ([Citi](#)).
- EURUSD advanced slightly to 1.0764. Some dip buying was reported, with overall flows on our ePlatform pointing to EUR buying. Our spot trader has however completely gotten out of any EUR risk and is staying neutral for now. While a weakening of both the Macron and Scholz governments have seemed to lead to what he calls 'a complete breakdown' in the Euro, conviction for shorts still isn't there given uncertainty around the dollar leg/FOMC and CPI ([Citi](#)). Meanwhile, the political developments triggered a sharp spike in EUR-based correlations. The implied correlation between USD/AUD, USD/NZD and USD/GBP (via EUR) traded approximately 10 correlation points higher on the news,

driven by outperformance of EUR cross-vols relative to USD vols ([Citi](#)) the pound advanced +0.13%.

COMMODITIES

Gold 2,310.88 (+0.67%) | WTI 77.74 (+2.52%) | Copper 9899.00 (+1.39%) ^

- **Energy:** Oil prices jumped ~3% to a one-week high, driven by anticipation of higher fuel demand over the summer. This rise occurred despite a stronger U.S. dollar and lingering expectations that the Fed may maintain elevated interest rates longer than previously expected. Brent futures increased by \$2.01 to \$81.63/bbl, while WTI crude rose \$2.21 to \$77.74/bbl ([Reuters](#)).
- **Metals:** Precious metals are showing mixed signals as gold rebounds, gaining 0.8% to \$2,310.81 per ounce after a significant drop last Friday, while silver also saw a rise of 1.9% to \$29.72 per ounce. Platinum increased by 0.8% to \$973.60, but palladium fell by about 0.9% to \$904.25. Investors are closely watching the upcoming U.S. inflation data and the Federal Reserve's policy meeting for further rate clues ([Reuters](#)).

Overnight Summary					
	Last Price	1d (net)	1d (%)	1m (%)	YTD (%)
Equities					
S&P 500	5,360.79	13.80	0.3%	2.6%	12.4%
Nasdaq	17,192.53	59.40	0.3%	5.2%	14.5%
Dow Jones	38,868.04	69.05	0.2%	-1.6%	3.1%
Euro Stoxx 50	5,016.48	-34.83	-0.7%	-1.3%	10.9%
FTSE100	8,228.48	-16.89	-0.2%	-2.4%	6.4%
TOPIX	2,782.49	27.46	1.0%	2.0%	17.6%
KOSPI	2,701.17	-21.50	-0.8%	-1.0%	1.7%
Shanghai Comp	3,051.28	2.49	0.1%	-3.3%	2.6%
ASX200 Futures	7,805.00	-33.00	-0.4%	0.3%	2.9%
VIX Index	12.74	0.52			
Foreign Exchange					
DXY	105.1300	-0.15	-0.1%	-0.2%	3.7%
AUDUSD	0.6610	0.00	0.3%	0.0%	-3.0%
EURUSD	1.0764	0.00	0.1%	-0.2%	-2.5%
GBPUSD	1.2731	0.00	0.2%	1.4%	0.0%
USDJPY	157.0300	-0.07	0.0%	-0.5%	-10.2%
USDCHF	0.8952	0.00	-0.2%	1.4%	-6.1%
Fixed Income - 10y					
	%	bps		bps	bps
Aus (Fut.)	4.36%	4.90		2.90	39.40
United States	4.47%	3.35		-2.93	58.80
United Kingdom	4.32%	6.05		15.61	79.13
Germany	2.67%	5.13		15.32	64.80
France	3.22%	12.78		22.40	66.75
Italy	4.07%	11.58		21.88	38.21
Commodities					
WTI Crude	77.74	2.21	2.9%	-0.7%	8.5%
Brent Crude	81.88	2.26	2.8%	-1.1%	6.3%
Copper c/lb	454.35	6.00	1.3%	-3.2%	16.8%
Nickel	18,031.00	-500.00	-2.7%	-6.4%	8.6%
Zinc US\$/mt	2,767.00	-143.00	-4.9%	-6.5%	4.1%
Aluminium US\$/mt	2,578.00	-69.50	-2.6%	0.3%	8.1%
Iron Ore US\$/mt	108.20	1.14	1.1%	-7.3%	-20.7%
Gold US\$/oz t	2,310.88	19.30	0.8%	-2.1%	12.0%
Silver US\$/oz t	29.75	0.19	0.7%	5.5%	25.0%
Bitcoin USD	69,544.95	-63.65	-0.1%	14.0%	63.6%
Lithium (ETF)	42.84	0.17	0.4%	-4.7%	-15.9%
DLCs					
	Last Price	Aud Price			Spread
Rio PLC	5,357.00	103.19	0.1%	-4.4%	21.4%
South 32 - Lon	196.80	3.79	0.0%	2.7%	2.1%
South 32 - J/burg	4,685.00	3.78	-2.0%	6.1%	2.3%
Virgin Money	213.60	4.11	0.0%	-0.8%	-0.3%
NWS A	27.21	41.16	0.1%	8.7%	3.2%
ADRs					
	Last Price	Aud Price			Spread
BHP	58.41	44.18	0.4%	2.1%	0.8%
Rio	68.25	103.25	0.4%	-2.2%	21.4%
CSL	95.07	287.66	0.0%	2.9%	0.5%
James Hardie	30.67	46.40	0.2%	-16.9%	0.1%
ResMed	211.66	32.02	0.4%	-1.0%	2.0%
Amcor	9.91	14.99	-1.0%	-4.3%	2.0%
Square	64.34	97.34	-1.2%	-9.8%	2.9%

*At time of writing

Source: Bloomberg

CitiFirst Warrants

1300 30 70 70

citifirst.warrants@citi.com

For further information please contact the CitiFirst Sales desk on 1300 30 70 70. To unsubscribe, please email citifirst.warrants@citi.com.

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