



# Daily US Opening News

27th September 2023

## SNAPSHOT

### STOCKS

<b>Euro Stoxx 50</b>	+0.1%	<b>DAX40</b>	-0.2%
<b>Stoxx 600</b>	-0.1%	<b>FTSE 100</b>	-0.3%
<b>ES Dec'23</b>	+0.3%	<b>RTY Dec'23</b>	+0.4%
<b>NQ Dec'23</b>	+0.3%	<b>YM Dec'23</b>	+0.2%

### FX

<b>DXY</b>	-0.1% (106.28)	<b>EUR/USD</b>	-0.1% (1.0559)
<b>USD/JPY</b>	+0.1% (149.18)	<b>GBP/USD</b>	-0.1% (1.2147)

### BONDS

<b>US T-Note Dec'23</b>	+10.5 ticks	<b>Bund Dec'23</b>	+15 ticks
<b>US 10yr Yield</b>	4.50%	<b>German 10yr Yield</b>	2.78%

### ENERGY & METALS

<b>WTI Nov'23</b>	+1.4%	<b>Brent Nov'23</b>	+1.0%
<b>Spot Gold</b>	-0.3%	<b>LME Copper</b>	+0.1%

### CRYPTO

<b>Bitcoin</b>	+1.0%	<b>Ethereum</b>	+1.7%
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As of 11:11BST/06:11EDT

## LOOKING AHEAD

- Highlights include US Durable Goods, CNB Policy Announcement, Supply from the US, and Earnings from Micron.
- Click [here](#) for the Newsquawk Week Ahead summary.

## EUROPEAN TRADE

### EQUITIES



- **European bourses** are firmer in early trade, albeit it is hard to see today's bounce as much more than a reprieve from recent losses with not a great deal changing since yesterday's close other than a rebound in Chinese industrial profits which helped buoy sentiment overnight.
- **Sectors in Europe** are mostly firmer with Tech top of the pile alongside Autos and Banks. On the downside, Utilities sit at the foot of the leaderboard.
- **US futures** are trading firmer, with sentiment improving following yesterday's sell-off, which was ultimately void of any pertinent data releases. The docket remains lacklustre for the remainder of the day, with a focus on US MBAs and Durable Goods.
- Click [here](#) for more details.

## FX

- **DXY** consolidates gains on the 106.00 handle within a 106.16-32 range as month/quarter-end rebalancing demand offsets negative factors.
- **Aussie** lags below 0.6400 vs Buck irrespective of upturn in CPI, Kiwi loses momentum above 0.5950.
- **Pound** flounders under 1.2200 and edges closer to Fib protecting round number below, while EUR/USD trades sub-1.0600 post weak Eurozone M3.
- **Yen** pivots 149.00 against the Greenback with some support from bull-flattening in USTs
- Click [here](#) for more details.
- Click [here](#) for the Option Expires for the NY Cut.

## FIXED INCOME

- **Price action** is decidedly more encouraging or less destructive than it has been for a while and decent blocked curve flatteners underpinned Treasuries overnight.
- **Bonds** have bounced a bit further and **Bunds** could garner more momentum given a well-received German 10-year offering that was twice oversubscribed, but there are gaps still to fill before making a full recovery from Tuesday's trough
- The same applies to **Gilts** in wake of a strong 2073 DMO auction and **T-notes** are awaiting 2-year FRN plus 5-year conventional issuance.
- **UK sells GBP 0.75bln 1.125% 2073 Gilt:** b/c 2.88x, tail 0.1bps and average yield 4.289%.
- **Germany sells EUR 3.247bln vs exp. EUR 4bln 2.60% 2033 Bund:** b/c 2.0x (prev. 1.7x), average yield 2.78% (prev. 2.63%) & retention 18.83% (prev. 18.04%)
- **French Net Debt issuance** seen at EUR 285bln in 2024 (vs EUR 270bln in 2023), according to the AFT.
- Click [here](#) for more details.

## COMMODITIES

- **Crude** futures are firmer intraday and not far off session highs after resisting yesterday's risk aversion to settle higher by around USD 0.70/bbl apiece, buoyed by bullish fundamentals and the prospect of a tighter market in Q4.
- Dutch **TTF** prices are softer intraday, with the October contract back under EUR 40/MWh but off worst levels at the time of writing, with newsflow for the complex light whilst desks eye the upcoming winter season.
- Spot **gold** is subdued after finally falling back under USD 1,900/oz in APAC trade, although losses at the time of writing, are minimal as markets await the next catalyst.
- **Base metals** are mostly softer as DXY remains firm, although the complex saw a leg higher overnight after Chinese Industrial Profits were better than expected.
- **US Energy Inventory Data (bbls): Crude +1.6mln (exp. -0.3mln), Gasoline -0.1mln (exp. -0.1mln), Distillates -1.7mln (exp. -1.3mln), Cushing -0.8mln.**
- **Polish Farm Minister said talks are at a final stage with Lithuania regards to getting Ukrainian grain to ports in Lithuania;** talks are going in a good direction, according to Reuters.
- Click [here](#) for more details.

## NOTABLE EUROPEAN HEADLINES

- **German institute sees 2025 inflation at 1.9% and GDP at 1.5%,** according to Handelsblatt.
- **Italy's Energy Authority Chairman expects a rise in electricity bills with a three-monthly update on Thursday,** according to Reuters.

## EUROPEAN DATA RECAP

- German GfK Consumer Sentiment (Oct 2023) -26.5 vs. Exp. -26.0 (Prev. -25.5).



- French Consumer Confidence (Sep 2023) 83.0 vs. Exp. 84.0 (Prev. 85.0)
- EU Money-M3 Annual Growth (Aug 2023) -1.3% vs. Exp. -1.0% (Prev. -0.4%)
- EU Loans to Non-Fin\* (Aug 2023) 0.6% (Prev. 2.2%)
- EU Loans to Households\* (Aug 2023) 1.0% (Prev. 1.3%)

## NOTABLE US HEADLINES

- **US Senate voted to clear a procedural hurdle of the Senate bipartisan bill to avoid a government shutdown**, while it was separately reported that the **Senate short-term spending bill would fund the government through to November 17th and includes USD 4.5bln for Ukraine**, according to Punchbowl.
- **US House voted to start the debate on the bill to fund parts of the federal government, while US House Speaker McCarthy said a stopgap funding bill will be brought to the House floor on Friday.**
- **US auto supplier groups urged President Biden to provide federal assistance to support the auto parts sector during the UAW strike**, according to a letter. It was also reported that President Biden said the UAW union should get a 40% pay increase when questioned on the matter.
- **Hollywood screenwriters agreed to end their strike and return to work on Wednesday after securing a new three-year contract**, according to AFP and FT.
- **US judge ruled that former US President Trump fraudulently inflated his wealth to get cheap loans in a civil case brought by the New York Attorney General.**
- **Some automakers are said to be holding off on investing in their EV supply chains until they see clarity on tax credit rules with regard to what Chinese materials or technology are allowed under the final rules**, according to WSJ sources.
- Click [here](#) for the US Early Morning Note.

## GEOPOLITICS

- **US Secretary of State Blinken spoke with Azerbaijan President Aliyev to emphasise the need to refrain from further hostilities in Nagorno-Karabakh and to provide assurances to residents there**, while Blinken urged Aliyev to commit to broad amnesty and allow observer missions, according to the State Department.
- **The US restricted imports from three more companies in China's Xinjiang connected to forced labour.**
- **China's Taiwan Affairs Office said the aim of Chinese drills near Taiwan is to resolutely combat the arrogance of separatist forces**, according to Reuters.
- **Chinese Foreign Ministry, on the Philippines removing barriers in disputed waters, said the islands are Chinese territory, will safeguard territorial sovereignty over the area**, according to Reuters.
- **Chinese Foreign Ministry, on US restricting imports from China on forced labour concerns, said China will take measures to safeguard Chinese companies' legitimate rights**, according to Reuters.
- **North Korea's UN Envoy told the UN General Assembly that 2023 is an extremely dangerous year as the Korean peninsula was driven closer to the brink of nuclear war and blamed the US and South Korea for the current dangerous situation.**

## CRYPTO

- **Bitcoin** is modestly firmer as sentiment in crypto moves in tandem with the broader market mood.

## APAC TRADE

- **APAC stocks** traded mixed as a rebound in Chinese Industrial Profits partially offset the subdued handover from Wall St. where the major indices extended on losses heading closer to month-end.
- **ASX 200** was lower albeit with downside stemmed as participants digested the monthly CPI data from Australia which matched expectations at 5.2% Y/Y but accelerated from the prior.
- **Nikkei 225** initially underperformed and briefly dipped below 32,000 before bouncing off lows.
- **Hang Seng** and **Shanghai Comp** were positive after the PBoC pledged to step up policy coordination at its quarterly policy meeting and noted the need to enhance efforts of macro policy adjustments, while sentiment was also underpinned by the improvement in Industrial Profits which returned to growth for August.

## NOTABLE ASIA-PAC HEADLINES

- **China is able to achieve economic growth of slightly higher than 5% this year**, according to a PBoC advisor cited by Reuters. PBoC advisor added that China has relatively ample policy room to support economic growth. China's economy can avoid "Japanification", said the PBoC Advisor.



- **PBoC's policy committee held a meeting on Q3 monetary policy and vowed to step up policy coordination, while it stated that they need to enhance efforts of macro policy adjustment and will implement monetary policy in a precise and forceful manner.** PBoC also pledged to **keep prices at a reasonable level and prevent excessive adjustments in exchange rates.** Furthermore, it is to promote a healthy and stable development of the property market and will implement financial support measures to improve the healthy development of the platform economy according to Bloomberg and Reuters.
- **PBoC Governor Pan met with EU trade chief Dombrovskis on China-EU financial cooperation.**
- **China put Evergrande's (3333 HK) Chairman Hui under police control, while Hui was taken away by Chinese police earlier this month and is being monitored at a designated location,** according to Bloomberg.
- **China's funding round to support the semiconductor industry is struggling in the initial phases to raise the target of USD 41bn,** according to FT.
- **"China is expected to see 190mln railway passenger trips during the 12-day travel rush starting Wed for the National Day holiday, which will peak on Sept 29",** according to People's Daily, "with over 20mln trips to be made on a single day."
- **"China will further pursue high-level market opening up with services sector opening up as a focus and shorten negative list for investment in the free trade zones, according to Vice Commerce Minister"** cited by Global Times.
- **PBoC set USD/CNY mid-point at 7.1717 vs exp. 7.3103 (prev. 7.1727)**
- **Chinese state banks were said to be selling dollars onshore to boost the yuan.**
- **RBI likely sold dollars in the NDF market at around 83.24-83.25 ahead of the spot market open,** according to traders cited by Reuters.
- **BoJ July meeting minutes noted it is important to continue easing and members also agreed it was important to check whether wage hikes will continue next year and onwards,** while a few members said the chance of firms continuing to raise wages next year was high. Furthermore, **many members said stable and sustained achievement of the price target accompanied by wage growth was not yet in sight.**
- **Japanese PM Kishida said Japan is to create next tax break for domestic investments in strategic areas including batteries, EV and semiconductors,** according to Reuters.

## DATA RECAP

- Chinese Industrial Profit YY (Aug) 17.2% (Prev. -6.7%)
- Chinese Industrial Profit YTD (Aug) -11.7% (Prev. -15.5%)
- Australian Weighted CPI YY (Aug) 5.2% vs. Exp. 5.2% (Prev. 4.9%)

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