



Daily US Opening News

11th October 2023

SNAPSHOT

STOCKS			
Euro Stoxx 50	-0.3%	DAX40	Unch.
Stoxx 600	+0.1%	FTSE 100	Unch.
ES Dec'23	+0.2%	RTY Dec'23	+0.2%
NQ Dec'23	+0.3%	YM Dec'23	+0.2%

FX			
DX	Unch. (105.78)	EUR/USD	Unch. (1.0602)
USD/JPY	Unch. (148.65)	GBP/USD	Unch. (1.2286)

BONDS			
US T-Note Dec'23	+18 ticks	Bund Dec'23	+83 ticks
US 10yr Yield	4.55%	German 10yr Yield	2.71%

ENERGY & METALS			
WTI Nov'23	-0.7%	Brent Dec'23	-0.6%
Spot Gold	+0.5%	LME Copper	+0.3%

CRYPTO			
Bitcoin	-0.6%	Ethereum	+1.0%

As of 11:04BST/06:04EDT

LOOKING AHEAD

- Highlights include US MBA & PPI, FOMC Minutes, Fed's Waller, Collins & Bostic, and supply from the US.
- Click [here](#) for the Newsquawk Week Ahead summary.

EUROPEAN TRADE

EQUITIES

- European bourses** have held onto the mixed theme seen at the cash open with underperformance seen in the CAC 40 and Euro Stoxx 50 on the back of disappointing earnings from heavyweight LVMH.



- **Sectors in Europe** are mixed with Utilities, Energy and Healthcare towards the top of the pile, while the Luxury sector drags Consumer Products and Services, which resides as the marked laggard.
- **US futures** are flat with a mild upward tilt and confined to tight ranges, with the ES still under the 4,400 mark.
- Click [here](#) for more details.

FX

- **DXY** grounded ahead of US PPI data as DXY hovers above a minor new October low within 105.600-890 range.
- The **Pound** probes 1.2300 vs Buck before fading amidst a deeper retreat in UK yields.
- **Euro** and **Yen** firmer vs Dollar, but contained around 1.0600 and between 149.00-148.50 respectively.
- **Franc** outperforms as bonds soar and the Middle East conflict underpins the safe haven; USD/CHF sub-0.9050.
- Click [here](#) for more details.
- Click [here](#) for the Option Expires for the NY Cut.

FIXED INCOME

- **Bonds** are back in vogue as duration and safe haven demand propel prices higher amidst long end outperformance.
- **Bunds** up to 129.95 from 129.03, **Gilts** over 100 ticks above low within 93.95-95.08 range and **T-note** towards top of 108-11/107-21 band, at the time of writing.
- **UK supply snapped up, German issuance meets mixed reception** and 10 year US offering due post-PPI data.
- **UK sells GBP 3.75bln vs exp. GBP 3.75bln 4.625% 2034 Gilt:** 3.12x b/c, 4.444% average yield & tail 0.5bps
- **Germany sells EUR 0.806bln vs exp. EUR 1bln 1.25% 2048 and EUR 1.226bln vs exp. EUR 1.5bln 0.00% 2052 Bund.**
- Click [here](#) for more details.

COMMODITIES

- **Crude** front-month futures are now softer intraday after trading with mild gains throughout APAC hours.
- Dutch **TTF** is taking a breather and trades softer around 4% at EUR 47.50/MWh at the time of writing, after rising some 12% yesterday to levels a whisker away from EUR 50/MWh.
- Spot **gold** and **silver** are marching higher, potentially amid haven flows as the Israeli war rages on with Lebanon and Syria also said to be involved.
- **Russian Deputy PM Novak said he discussed the oil market and OPEC+ cooperation with the Saudi delegation**, according to Ixf. Deputy PM Novak said Russia is ready to raise oil product shipment to Saudi Arabia, via Tass.
- **Russian Deputy PM Novak said the government not planning to raise taxes for oil companies**, via Ria. He added that the Israeli-Palestinian conflict could affect the oil market.
- **India government approved royalty rates for lithium, niobium and rare earths**; sets lithium royalty at 3% of LME price, according to Reuters.
- **QatarEnergy signed a 27-year LNG supply deal with France; to supply up to 3.5 MTPA to France from Qatar**, via Bloomberg.
- **The US is reportedly mulling dropping sanctions against an Israeli mining magnate accused of corruption in a bid for American firms to receive EV metals**, according to WSJ sources.
- Click [here](#) for more details.

NOTABLE EUROPEAN HEADLINES

- **ECB's Centeno said overtightening is not desirable and risk of overtightening must be monitored**, via CNBC.
- **ECB's Knot said the effects of inflation shocks are waning; inflation is still too high** and a slowdown clearly spilling over into services. He added the economy cooling is desirable to tame inflation, and said the ECB has a long road ahead on disinflation. He added restrictive policies will be needed for some time and policy is in a good place now, and stand ready to adjust rates further if disinflation falls, according to Reuters.
- **ECB Consumer Inflation Expectations survey (Aug):** 12-month ahead 3.5% (prev. 3.4%); 3-year ahead 2.5% (prev. 2.4%). Economic growth expectations for the next 12 months -0.8% (prev. -0.7%).

EUROPEAN DATA RECAP

- German CPI Final YY* (Sep 2023) 4.5% vs. Exp. 4.5% (Prev. 4.5%)
- German CPI Final MM* (Sep 2023) 0.3% vs. Exp. 0.3% (Prev. 0.3%)



- German HICP Final YY* (Sep 2023) 4.3% vs. Exp. 4.3% (Prev. 4.3%)
- German HICP Final MM* (Sep 2023) 0.2% vs. Exp. 0.2% (Prev. 0.2%)

NOTABLE US HEADLINES

- **Fed's Bowman said the US policy rate may need to rise further**, according to Reuters.
- **Fed's Daly (non-voter) said the decline in goods inflation has been an easy win and is not largely due to the Fed's rate hikes**, while she said they are just starting to see an improvement in non-housing services inflation and need more of it. Daly also commented that **they have more work to do and inflation is still high but noted that if bond yields are tight, it could be equivalent to another rate hike**.
- **US Treasury Secretary Yellen said the global economy is in a better place than expected and monitoring downside risks; will meet with China's top banker Pan in Morocco this week**, according to Reuters. US Treasury Yellen expects to discuss debt issues with the PBoC Governor and progress has been slow but has seen some progress. Treasury Secretary Yellen said the US has not in any way relaxed its sanctions on Iranian oil.
- Click [here](#) for the US Early Morning Note.

GEOPOLITICS

- **NATO Secretary General Stoltenberg said if it is proven there was an attack on the Baltic Sea gas pipeline, it will be met by a united and determined response from NATO**, according to Reuters.
- **US Defence Secretary Austin spoke to his Israeli counterpart and reaffirmed US' commitment to expedite air defence capabilities**, according to the Pentagon.

CRYPTO

- **Bitcoin** remain pressured after briefly dipping under USD 27,000 in APAC hours before reclaiming the handle.

APAC TRADE

- **APAC stocks** were higher after the positive momentum rolled over from global peers owing to the latest bout of dovish Fed rhetoric and amid China stimulus hopes.
- **ASX 200** was led by outperformance in tech and mining-related industries, while the index was unfazed by comments from RBA's Kent who reiterated some further policy tightening may be required.
- **Nikkei 225** advanced and briefly breached the 32,000 level to the upside.
- **KOSPI** was the biggest gainer as shares in index heavyweight Samsung Electronics were boosted after its preliminary Q3 results which showed oper. profit topped forecasts despite declining by 78% Y/Y.
- **Hang Seng** and **Shanghai Comp.** conformed to the broad constructive mood amid stimulus hopes with China to boost financial assistance to expand consumption and is weighing new stimulus, as well as a higher budget deficit this year to meet its growth target.

NOTABLE ASIA-PAC HEADLINES

- **China will hold the Belt and Road Forum on October 17th-18th with President Xi to attend the opening ceremony and will deliver a keynote speech**, according to Reuters citing state media.
- **RBA Assistant Governor Kent said monetary policy is slowing the growth of demand and inflation**, while he added that **policy lags mean some further effects of past rate hikes are still to be felt through the economy and repeated that some further policy tightening may be required**.
- **PBoC set USD/CNY mid-point at 7.1779 vs exp. 7.2842 (prev. 7.1781)**

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