



Daily European Opening News

29th July 2022

SNAPSHOT

STOCKS			
Nikkei 225	-0.2%	ASX 200	+0.8%
Hang Seng	-2.4%	Shanghai Comp	-0.9%
Euro Stoxx 50 Sep'22	+0.3%	DAX Sep'22	+0.4%
ES Sep'22	+0.5%	NQ Sep'22	+1.2%

FX			
DXY	-0.3% (105.92)	EUR/USD	+0.1% (1.0210)
USD/JPY	-0.8% (133.15)	GBP/USD	+0.2% (1.2189)

BONDS			
US T-Note Sep'22	+5 ticks	10yr Bund Sep'22	-14 ticks
US 10yr Yield	2.67%	German 10yr Yield	0.81%
US 2s10s	+2.3bps	US 5s30s	+2.8bps

ENERGY & METALS			
WTI Sep'22	Unch.	Brent Sep'22	-0.2%
Spot Gold	+0.3%	LME Copper	-0.3%

CRYPTO			
Bitcoin	-0.5%	Ethereum	-1.8%

As of 06:21BST/01:21EDT

LOOKING AHEAD

- German Flash GDP and Unemployment, EZ Flash CPI and Flash Q2 GDP, US Jun PCE, US Chicago PMI, Canadian GDP.
- Earnings from Renault, BNP Paribas, Intesa Sanpaolo, AstraZeneca, NatWest, IAG, Exxon Mobil, Chevron, Phillips 66, AbbVie, and more.
- Click [here](#) for the Week Ahead preview

US TRADE

- **US stocks** clocked another session of gains despite a blip lower in wake of the US Q2 GDP.



- **After the bell**, US equity futures saw another leg higher as Amazon soared over 13.5% and Apple rose some 3% after earnings, with the ES (U22) briefly rising above 4,100 to a high of 4,110 before easing off highs into the CME break.
- **SPX** +0.97% at 3,998, **NDX** +1.44% at 12,619, **DJIA** +0.51% at 32,036, **RUT** +0.40 % at 1,834.
- Click [here](#) for a detailed summary.

NOTABLE US HEADLINES

- **US President Biden** said, after the GDP data, Fed Chair Powell and many significant banking personnel say we are not in a recession.
- **US Treasury Secretary Yellen** said US economy remains resilient in the face of headwinds; US economy is now at full employment. She added that there are some signs that inflation is likely to come down in the days ahead.
- **Amazon.com Inc (AMZN)** Q2 2022 (USD): GAAP EPS -0.20 (exp. 0.13), Revenue 121.2bln (exp. 119.09bln). CFO said they saw a demand increase during the quarter and the Co. had a very strong June; When asked about Walmart (WMT) profit warnings, said the Co. does not notice a step down in June **Shares rose 13.6%** ([Click here for the full release](#))
- **Apple Inc (AAPL)** Q3 2022 (USD): EPS 1.20 (exp. 1.16), Revenue 82.96bln (exp. 82.81bln). iPad: 7.22bln (exp. 6.94bln). iPhone: 40.67bln (exp. 38.33bln). Mac: 7.38bln (exp. 8.7bln). Expect 6% hit from FX in current Q.CFO not providing revenue guidance in conference call; expects services revenue to grow but decelerate from June quarter and sees a tax rate of 16% in the quarter. **Shares rose 3%** ([Click here for the full release](#))
- **Intel Corp (INTC)** Q2 2022 (USD): Adj. EPS 0.29 (exp. 0.70/0.52 GAAP), Revenue 15.3bln (exp. 17.92bln); Sees FY 2022 Revenue View: 65-68bln (exp. 74.34bln; prev. 76bln). **Shares fell 8.3%**
- **Tesla (TSLA)** CEO Musk said inflation may be trending lower, says more Tesla commodity prices are trending down than up, via Twitter.
- Billionaire investor Bill Ackman said he thinks inflation will begin to come down soon, via Twitter.
- Biden admin is reportedly planning to offer updated COVID booster shots in September, according to NYT

GEOPOLITICS

BIDEN-XI CALL

- **Senior US admin official said US President Biden and China's President Xi discussed face-to-face meeting and directed teams to follow up; did not discuss any potential lifting of US tariffs on Chinese products.**
- White House said presidents Biden and Xi discussed a range of issues important to bilateral relationship and other regional/global issues.
- **Senior US admin official said Biden and Xi had a 'direct and honest' discussion on Taiwan.** They discussed areas of cooperation including climate change, health security and counter-narcotics. Biden brought up the long-standing concerns on human rights. Macroeconomic coordination between China and US is of great importance. Biden explained to Xi his core concerns about China's economic practices.
- **China President Xi told US President Biden that the US should abide by the One China principle**, and act in line with its words, according to State Media. On the Taiwan issue, Xi told Biden that 'those who play with fire will get burned'. Xi told Biden that China fiercely opposes Taiwan independence and the interference of external forces
- **US President Biden told China President Xi that the US stance on One China policy remains unchanged**, according to China's Global Times.

RUSSIA-UKRAINE

- US State Department said Russia has acknowledged the request for Blinken-Lavrov call but said **there is no update on when they will speak**, and added the US continues to expect that Blinken-Lavrov will have an opportunity to speak in the coming days.

OTHER

CENTRAL BANKS

- **BoJ Summary of Opinions (Jul meeting):** achieving the price stability target in a stable manner is difficult given developments in the output gap and inflation expectations. The recent resurgence of COVID-19 is extremely rapid, and it is necessary to examine how this will affect financial positions, mainly of small and medium-sized



firms. The Bank needs to closely monitor the impact that the recent increase in its Japanese government bond (JGB) purchases to contain upward pressure on interest rates has on the functioning of the JGB market.

APAC TRADE

EQUITIES

- **APAC stocks** traded mixed despite the positive lead from Wall Street, with Chinese markets lagging.
- **ASX 200** was lifted by gold names amid the recent rise in the precious metal.
- **Nikkei 225** saw mild gains throughout the session but eventually fell into the red amid notable JPY strength, whilst Nissan shares fell over 4% at one point after earnings.
- **KOSPI** was propelled by its Telecom sector, with Financials and Industrials also aiding.
- **Hang Seng** slipped over 2% with Alibaba shedding 6% after WSJ reported that Jack Ma intends to relinquish control of Ant Group. Headlines pointed out the Hang Seng index has fallen 10% from its June peak.
- **Shanghai Comp** held a negative bias as traders reacted to the Biden-Xi call, which included no rollback of Trump-era tariffs. Selling thereafter resumed following downbeat commentary from China's MOFCOM, suggesting the outlook for H2 trade growth is not optimistic.
- **US equity futures** saw sideways trade overnight with the ES oscillating around 4,100. ES+ 0.6%.
- **European equity futures** are indicative of a firmer open with the Euro Stoxx 50 future +0.4% after the cash market closed higher by 1.2% yesterday.

FX

- **FX markets** were quiet for most of the session before JPY strength resumed around 04:00BST despite a lack of newsflow but upon the breach of some key technical levels.
- **USD/JPY** extended lower in late APAC trade with selling accelerating as the pair fell under its 50 DMA (134.27), and then again after taking out 134.00, with the pair testing 133.00 to the downside heading into the European day.
- **DX** was within a tight range throughout most of the session before JPY strength pushed the index towards 106.00 and eventually below the level.
- **EUR/USD** and **GBP/USD** eventually gained in tandem with the JPY-induced losses in the Dollar. Cable eventually tested 1.2200 to the upside.
- **AUD** held a positive bias throughout the session and reclaimed 0.7000 to the upside against the USD.

FIXED INCOME

- **10yr UST futures** traded sideways under 121.00 throughout the night before edging higher with the corresponding cash yield under 2.70%.
- **Bund futures** were subdued on either side of 157.50, but trimmed losses towards the end of APAC trade.
- **10yr JGB yields** ticked lower and remained under 0.19% throughout the session.

COMMODITIES

- **Crude** September futures came off overnight highs after the Chinese cash open after the mood soured across Chinese markets.
- **Spot gold** extended on its gains above USD 1,750/oz as the Dollar saw another leg lower.
- **Copper** trimmed gains as the risk sentiment across China deteriorated, but downside was cushioned by the softer USD.

CRYPTO

- **Bitcoin** moved sideways overnight before testing 24k to the upside whilst Ethereum held above 1,700.

NOTABLE APAC HEADLINES

- **China's Commerce Ministry said China's foreign trade faces higher risks; the outlook for China's H2 trade growth is not optimistic**, via Bloomberg. MOFCOM said they will study targeted measures for foreign trade, and will step up support for export credit insurance in H2 and expand imports actively and ensure domestic commodity supply, via Reuters.



- **China's Commerce Ministry official said foundation for consumption recovery is not solid yet**, more efforts needed to boost consumption, via Reuters.
- **Japanese government decided to tap JPY 257bln in budget reserves to help with rising oil and broader inflation**, according to the MoF.
- PBoC injected CNY 2bln via 7-day reverse repos with the maintained rate of 2.10% for a net drain of CNY 1bln and for a weekly drain of CNY 12bln
- PBoC set USD/CNY mid-point at 6.7437 vs exp. 6.7414 (prev. 6.7411)

DATA RECAP

- Japanese CPI, Overall Tokyo (Jul) 2.5% (Prev. 2.3%)
- Japanese CPI Tokyo Ex fresh food YY (Jul) 2.3% vs. Exp. 2.2% (Prev. 2.1%)
- Japanese Retail Sales YY (Jun) 1.5% vs. Exp. 2.8% (Prev. 3.6%, Rev. 3.7%)
- Japanese Industrial O/P Prelim MM SA* (Jun) 8.9% vs. Exp. 3.7% (Prev. -7.5%)
- Japanese IP Forecast 1 Mth Ahead (Jul) 3.8% (Prev. 12.0%)
- Japanese IP Forecast 2 Mth Ahead (Aug) 6.0% (Prev. 2.5%)
- Japanese Unemployment Rate* (Jun) 2.6% vs. Exp. 2.5% (Prev. 2.6%)
- Japanese Jobs/Applicants Ratio* (Jun) 1.27 vs. Exp. 1.25 (Prev. 1.24)
- Korea (Republic of) Industrial Output Growth (Jun) 1.9% vs. Exp. -0.4% (Prev. 0.1%, Rev. 0.2%)
- Korea (Republic of) Industrial Output YY (Jun) 1.4% vs. Exp. 2.0% (Prev. 7.3%, Rev. 7.4%)
- Korea (Republic of) Service Sector Output Gr (Jun) -0.3% (Prev. 1.1%, Rev. 1.0%)
- Australian PPI YY (Q2) 5.6% (Prev. 4.9%)
- Australian PPI QQ (Q2) 1.4% (Prev. 1.6%)

EUROPE-SPECIFIC HEADLINES

- Markus Kerber, German Professor of Public Finance, says the potentially unlimited purchases from ECB's TPI were chiefly aimed at assisting Italy. Adding, that he is considering whether to file a complaint against TPI.

DATA RECAP

- UK Lloyds Business Barometer (Jul) 25 (Prev. 28)

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