newsquawk

Daily Asia-Pacific Opening News

12th September 2023

SNAPSHOT

STOCKS			
S&P 500	+0.7%	**Nasdaq Comp.**	+1.1%
DJIA	+0.3%	**Russell 2000**	+0.2%
ES Sep'23	+0.6%	**RTY Sep'23**	+0.2%
NQ Sep'23	+1.1%	**YM Sep'23**	+0.2%

FX			
DXY	-0.3% (104.54)	**EUR/USD**	+0.5%
USD/JPY	-0.8%	**GBP/USD**	+0.4%

BONDS			
US T-Note Dec'23	-5.5 ticks	**10yr Bund Sep'23**	-41 ticks
US 10yr Yield	4.29%	**German 10yr Yield**	2.64%
US 2s10s	+2.7bps	**US 5s30s**	+2.8bps

ENERGY & METALS			
WTI Oct'23	-0.2%	**Brent Nov'23**	Flat
Spot Gold	+0.2%	**LME Copper**	+1.9%

CRYPTO			
Bitcoin	-2.6%	**Ethereum**	-4.4%

As of 22:05BST/17:05EDT

LOOKING AHEAD

- Highlights include New Zealand Economic & Fiscal Update, Australian Westpac Consumer Sentiment & NAB Business Surveys, Supply from Australia & Japan.

US TRADE

- **US stocks** were firmer with the Nasdaq leading the charge ahead of Wednesday's CPI data, while Russell 2k and the DJIA were notable laggards. US macro catalysts were on the light side with mixed NY Fed consumer inflation expectations the 'highlight' and WSJ's Timiraos article from the weekend festered which suggested a dovish shift in the Fed's rate path was underway.
- **SPX** +0.67% at 4,487, **NDX** +1.19% at 15,461, **DJIA** +0.25% at 34,663, **RUT** +0.19% at 1,855.

- Click here for a detailed summary.

NOTABLE HEADLINES

- **US Deputy Treasury Secretary Adeyemo said it makes sense to think about eliminating corporate subsidies including to energy companies and the US is well positioned to withstand headwinds from China's economic slowdown.** Furthermore, he is encouraged that they haven't seen a pullback in banks providing credit after banking issues in late winter and early spring.

DATA RECAP

- **NY FED SCE showed one-year inflation expectations at 3.6% (prev. 3.5%), three-year at 2.8% (prev. 2.9%), five-year at 3.0% (prev. 2.9%)**

FIXED INCOME

- **US Treasuries** bear-steepened after a pick-up in China data and hawkish BoJ commentary from the weekend, while a poor US 3yr auction and corporate supply also weighed on prices.

FX

- **USD** was pressured alongside strength in its peers with newsflow relatively light as participants await key releases including the latest US inflation data on Wednesday and Retail Sales on Thursday.
- **EUR** benefitted from the weaker buck and shrugged off the cut in the European Commission's GDP forecasts.
- **GBP** traded higher but was off intraday highs despite the latest hawkish rhetoric from BoE's Mann.
- **JPY** held on to the gains following BoJ Governor Ueda's recent exit-related comments.

COMMODITIES

- **Crude** was choppy as the early rally lost momentum despite the pick-up in China data, Libya supply risk, and a weaker dollar.
- **Saudi Aramco is reported to supply full contract volumes of crude oil to at least five North Asian refiners in October,** according to Reuters citing sources.
- **Saudi Arabia stresses commitment to being a reliable partner and source of crude oil supplies to India,** according to a joint statement.
- **India imposed anti-dumping duty on some Chinese steel for five years.**

GEOPOLITICAL

- **US President Biden's administration is close to approving long-range missiles including ATACMS or GMLRS both armed with cluster bombs for Ukraine, while these missiles would give Kyiv the ability to cause significant damage deeper within Russia-occupied territory,** according to Reuters citing four US officials.
- **North Korean leader Kim is travelling to Russia,** according to the Pentagon. It was also reported that a **Kremlin spokesman said Russian President Putin and North Korean leader Kim will discuss bilateral ties and seek to build good, mutually beneficial relations.**
- **Iranian Foreign Ministry said there are positive signs of implementing the prisoner exchange agreement with the US soon,** according to Al Arabiya.

ASIA-PAC

NOTABLE HEADLINES

- **PBoC will scrutinise bulk dollar buying of USD 50mln and above in which such purchases will need approval from PBoC,** according to Reuters citing sources.
- **China is to tighten scrutiny of local government financing vehicles as part of a rescue package,** according to sources cited by Reuters.
- **US State Department said the US expects Secretary of State Blinken to host China's top diplomat Wang Yi in the US before year-end.**
- **US and Vietnam signed a deal on semiconductor supply chains,** according to a White House statement.

- **Malaysia’s PM announced plans to ban exports of rare earth minerals** to avoid "exploitation and loss of resources, guaranteeing maximum returns" to the country although did not specify any timing for the export ban.

EU/UK

NOTABLE HEADLINES

- **BoE's Mann said she would rather err on the side of over-tightening and in her view, holding rates constant at the current level risks enabling further inflation persistence which will have to be unwound eventually with a worse trade-off.** Mann added that monetary policy definitely has been tightening but whether or not the current condition is restrictive is a statement about levels relative to r* which is more difficult to assess given that r* is unobserved.
- **UK Chancellor Hunt is to announce more growth measures in the months ahead, while it was stated that the UK faces stickier inflation than previously forecast** and boosting UK growth is necessary to avoid taxes going up.
- **EU Commission sees EZ GDP growth at 0.8% in 2023 (prev. 1.1%) and 1.3% in 2024 (prev. 1.6%), while it sees inflation in 2023 at 5.6% (prev. 5.8%) and 2024 inflation at 2.9% (prev. 2.8%).**