



Daily European Opening News

12th July 2024

SNAPSHOT

STOCKS			
Nikkei 225	-2.4%	ASX 200	+0.8%
Hang Seng	+2.2%	Shanghai Comp	-0.2%
Euro Stoxx 50 Sep'24	-0.1%	DAX Sep'24	U/C
ES Sep'24	-0.1%	NQ Sep'24	-0.3%

FX			
DXY	+0.1% (104.47)	EUR/USD	U/C (1.0867)
USD/JPY	+0.2% (159.07)	GBP/USD	U/C (1.2909)

BONDS			
US T-Note Sep'24	-5.5 ticks	Bund Sep'24	-38 ticks
US 10yr Yield	4.22%	German 10yr Yield	2.49%

ENERGY & METALS			
WTI Aug'24	+0.3%	Brent Sep'24	+0.1%
Spot Gold	-0.3%	LME Copper	-0.4%

CRYPTO			
Bitcoin	-0.9%	Ethereum	-1.0%

As of 06:15BST/01:15EDT

LOOKING AHEAD

- Highlights include Swedish CPIF, US PPI, Uni. of Michigan Prelim., Earnings from BNY Melon, JPMorgan, Wells Fargo, Citi & Ericsson.
- [Click for the Newsquawk Week Ahead.](#)

US TRADE

EQUITIES

- US stocks** finished mixed as cooler-than-expected CPI data saw a rotation out of large-cap tech stocks into smaller-cap cyclicals which resulted in heavy selling for the Nasdaq and a surge in the Russell 2000, while the S&P 500 also sold off after having initially printed a fresh intraday record high shortly after the open but the Equal Weight S&P 500 rallied with a mixed performance seen across sectors.



- **SPX** -0.88% at 5,585, **NDX** -2.24% at 20,211, **DJI** +0.08 at 39,754, **RUT** +3.57% at 2,125.
- [Click here for a detailed summary.](#)

NOTABLE HEADLINES

- **Fed's Daly (voter) said it is likely some policy adjustments will be warranted and recent inflation prints are a relief but progress is bumpy, while her expectation is inflation will come down gradually** and the labour market is gradually slowing. Daly said the **economy looks to be on a path where 1 or 2 rate cuts this year would be 'more or less' the appropriate path and need more information before we can fully take the next step.** Furthermore, she said they are at the point where additional labour market slowing is more likely to result in a climb in unemployment and **it is a fairly big signal from the Fed that so many of them are talking about the labour market, while she stated that every meeting is live.**
- **Fed's Goolsbee (non-voter) said the June CPI report is excellent and the improvement on shelter inflation is profoundly encouraging, while he added this is what a path to 2% inflation looks like** and as inflation falls, leaving Fed policy rate steady means Fed is tightening policy. Goolsbee said the **reason to tighten policy would be if the economy is overheating but added they are not overheating,** as well as noted that he doesn't like tying their hands on policy decisions and **they need to decide when to cut rates, not trying to figure out a rate path for next seven months.**
- **Fed's Musalem (non-voter) said monetary policy is restrictive right now and the Fed is making progress on inflation, while he added CPI data points to encouraging further progress but wants more evidence that inflation is moving to 2%** and said the job market is strong but has cooled in recent months.
- **US President Biden mistakenly referred to Ukrainian President Zelensky as President Putin before correcting himself** during comments at the NATO summit, while **he also mistakenly referred to Vice President Harris as Trump during his press conference.** Furthermore, **Biden said he has to finish the job because there is so much at stake and has taken three significant and intense neurological exams which say he is in good shape.**
- **US President Biden's campaign said there was increased anxiety after the debate but it is not seeing a drastic shift in where the race stands, while internal data and public polling show the race remains within the margin of error in key battleground states.** Furthermore, it noted that polling shows Biden's post-debate net favourability is 20% pts higher than Trump's among undecided voters.
- **The Biden campaign is quietly assessing the viability of Vice President Harris' candidacy against Donald Trump in a new head-to-head poll,** according to MSNBC.
- **Three Biden officials directly involved in his re-election told NBC News that his chances of winning are zero and one said he needs to drop out,** while it was also reported that **some Biden advisers were discussing how to convince him to step aside,** according to NYT.
- **US President Biden is expected to face a deluge of calls from House Democrats urging him to drop out of the presidential race regardless of his performance at the NATO press conference,** according to Axios. It was also reported that **dozens of Democratic lawmakers are to call for US President Biden to quit the race in the coming 48 hours,** according to CBS.
- **US House Democratic leader Jefferies said House Democrats continue candid conversations when asked about Biden and are united on the Biden agenda,** while he is not worried that Biden is a liability for vulnerable House Democrats.

APAC TRADE

EQUITIES

- **APAC stocks** took their cues from the mixed performance stateside where softer-than-expected CPI data boosted Fed rate cut bets and spurred a stock rotation out of large-cap tech into small-cap cyclicals.
- **ASX 200** gained amid lower yields with gold miners, real estate, and consumer stocks leading the advances.
- **Nikkei 225** underperformed after recently sliding back from record highs and amid speculated FX intervention.
- **Hang Seng** and **Shanghai Comp.** diverged as the former rallied back above the 18,000 level with strength seen in property and tech, while the mainland was lacklustre after mixed Chinese trade data in which Exports topped forecasts but Imports surprisingly contracted.
- **US equity futures** traded sideways following the recent stock rotation on Wall Street.
- **European equity futures** indicate a mildly softer open with Euro Stoxx 50 future -0.1% after the cash market closed up by 0.4% on Thursday.

FX



- **DXY** found some slight reprieve following yesterday's data-induced selling whereby the softer-than-expected inflation report boosted rate cut bets, while recent commentary from Fed officials acknowledged progress on inflation but more data was needed. Attention was also on President Biden's high-stakes post-NATO press conference which was overshadowed by recent gaffes and further calls to exit the race.
- **EUR/USD** traded steadily overnight after retreating from resistance around the 1.0900 level.
- **GBP/USD** was off yesterday's peak but with the pullback cushioned by near-term support at 1.2900.
- **USD/JPY** swung between gains and losses in volatile trade after yesterday's suspected FX intervention and with Nikkei suggesting the BoJ likely conducted rate checks in EUR/JPY today, while officials were out in force as is usually the case during times of suspected intervention but remained tight-lipped on whether Japan had intervened or not.
- **Antipodeans** traded rangebound amid the mixed risk appetite and disappointing Chinese Imports.
- **PBoC set USD/CNY mid-point at 7.1315 vs exp. 7.2514 (prev. 7.1339).**

FIXED INCOME

- **10-year UST futures** partially faded its CPI surge and reverted to a sub-111.00 level, while the focus turns to PPI.
- **Bund futures** gave back some of yesterday's spoils after failing to sustain a brief incursion above 132.00.
- **10-year JGB futures** held on to gains but were off this week's highs in the absence of additional BoJ buying.

COMMODITIES

- **Crude futures** were kept afloat after ultimately gaining yesterday on the back of recent dollar weakness.
- **US Senior Energy Adviser Hochstein said the US can tap the Strategic Petroleum Reserve if needed and if conditions call for it**, according to Bloomberg TV.
- **Spot gold** took a breather overnight following its post-CPI rally to above the USD 2,400/oz level.
- **Copper futures** remained lacklustre following the prior day's selling and amid mixed Chinese trade data.

CRYPTO

- **Bitcoin** was mildly pressured with price action choppy on both sides of the USD 57,000 level.

NOTABLE ASIA-PAC HEADLINES

- **China's Foreign Minister said in a phone call with his Dutch counterpart that China is willing to establish close ties with the new Dutch government and carry out all-around dialogue, as well as enhance mutual understanding.** Furthermore, China believes the **Dutch side will encourage the European side to look at China objectively and rationally and play a constructive role in maintaining a healthy and stable development of China-EU relations.**
- **Japanese government official said Japan conducted currency intervention to prop up the yen on Thursday**, according to Mainichi citing an unidentified official. **It was separately reported that the BoJ likely conducted rate checks in EUR/JPY on Friday**, according to Nikkei.
- **Japanese Finance Minister Suzuki said currency rates should be set by the market and rapid FX moves are undesirable**, while he wouldn't comment on FX levels, FX intervention and media reports that Japan conducted FX rate checks.
- **Japanese Chief Cabinet Secretary Hayashi said no comment on FX intervention and wouldn't comment on forex levels**, while he added it is important for currencies to move in a stable manner reflecting fundamentals and they are **ready to take all possible means on forex.**
- **Japanese top currency diplomat Kanda said no comment on FX intervention and noted recent yen moves are somewhat rapid**, while he added they will take appropriate action on forex if needed. Furthermore, he is **puzzled about the media report on intervention, while he did not comment on whether they intervened in the FX market and cannot think if government officials commented on forex intervention.**

DATA RECAP

- **Chinese Trade Balance (USD)(Jun) 99.05B vs. Exp. 85.0B (Prev. 82.62B)**
- **Chinese Exports YY (USD)(Jun) 8.6% vs. Exp. 8.0% (Prev. 7.6%)**
- **Chinese Imports YY (USD)(Jun) -2.3% vs. Exp. 2.8% (Prev. 1.8%)**
- **Chinese Trade Balance (CNY)(Jun) 703.7B (Prev. 586.4B)**
- **Chinese Exports YY (CNY)(Jun) 10.7% (Prev. 11.2%)**
- **Chinese Imports YY (CNY)(Jun) -0.6% (Prev. 5.2%)**
- **Singapore GDP QQ (Q2 P) 0.4% vs Exp. 0.4% (prev. 0.1%)**



- Singapore GDP YY (Q2 P) 2.9% vs Exp. 2.7% (prev. 2.7%)

GEOPOLITICAL

MIDDLE EAST

- **White House National Security Adviser Sullivan said there has been no deviation on the pause of the shipment of 2,000 lb bombs to Israel and he sees a possibility of reaching a Gaza agreement**, while he said there are still lots of details to be hammered through, but he thinks the remaining issues can be resolved.
- **Progress was said to have been made in talks on detainees and an Israeli withdrawal from areas in Gaza, while work is underway on security arrangements and guarantees for a ceasefire in Gaza.** Work is also underway on Hamas's demand for written guarantees for a permanent ceasefire although **there are still disagreements over security arrangements at the crossings leading to Gaza**, according to Al Arabiya citing Egyptian sources.

OTHER

- **US President Biden said NATO confirms support for Ukraine and will not allow Russia to achieve victory.**
- **NATO Secretary General Stoltenberg said Ukraine can count on NATO now and for the long haul**, while he added that Chinese exercises with Belarusian forces are part of a pattern and confirms authoritarian regimes are aligning more.
- **German Chancellor Scholz said more needs to be done to ramp up air defences for Ukraine**, while he added their defence industry needs to be capable of expanding production capacities swiftly.
- **South Korea and the US signed a guideline on nuclear deterrence and operation in the Korean Peninsula**, according to the South Korean Presidential Office.

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