

Continuation of Trump Trade takes Dollar to multi-month highs

- **SNAPSHOT:** Equities up, Treasuries cash closed, Crude down, Dollar up.
- **REAR VIEW:** Hezbollah said negotiations are ongoing to stop the war; CI is not pursuing merger with HUM; ABBV schizophrenia trials miss; Japan to support domestic chip industry; BoJ SOO sees mixed opinions on rate hikes; Soft China inflation.
- **COMING UP: Data:** Australian NAB Business Conditions, UK Jobs, EZ/German ZEW, NY Fed SCE **Events:** OPEC MOMR **Speakers:** BoE's Pill; ECB's Rehn, Cipollone; Fed's Waller, Barkin, Kashkari, Harker **Supply:** Japan, Netherlands, UK, Germany.
- **WEEK AHEAD:** Highlights include US and China CPI, US Retail Sales, UK and Australian Jobs. [To download the full report, please click here.](#)
- **CENTRAL BANK WEEKLY:** BoJ SOO, Minutes from ECB and Riksbank; Reviewing FOMC, BoE, RBA, BCB, Norges Bank and BoC Minutes. [To download the full report, please click here.](#)

MARKET WRAP

It was a quiet session to start the week on account of the Veteran's Day holiday with no Fed speakers or US data released. The direction of trade, however, was largely a function of the Trump Trade with Republicans looking increasingly likely to take the House, resulting in a red sweep. This saw T-Note futures sell off to fall back beneath 110-00, settling just beneath the level. Meanwhile, the Dollar surged with DXY hitting the highest level since July. The strength in the dollar and downside in T-Notes saw the Yen underperform in G10 FX, rising above 153.50 while the BoJ SOO saw a member call for patience when it comes to rate hikes. Precious metals also tumbled with Gold hitting its lowest level since mid-October, while energy prices were hit amid the Dollar strength but also on an apparent easing in geopolitical tensions. Hezbollah, via Al Arabiya, said that there are negotiations to stop the war, while Israel later noted there has been progress on talks and they want a deal within a few weeks based on the "American document". Attention on Tuesday turns to the NY Fed SCE and several Fed speakers before CPI on Wednesday and Powell on Thursday.

FIXED INCOME

T-NOTE FUTURES (Z4) SETTLE 12 TICKS LOWER AT 109-29

T-Note futures sell off on Veterans Day with Trump Trade in focus; cash trade closed.

THE DAY: It was a quiet trading session with cash trade shut on account of the Veterans Day holiday. Nonetheless, 10yr T-Note futures were sold throughout the session with markets focusing on the Trump Trade as Republicans look even closer to take the Red Sweep in congress with the House results currently at 214 (R) - 203 (D); 218 needed for control. T-Notes traded either side of 110-00 to start the week, peaking at 110-06 in the European morning before selling off thereafter to a low of 109-25 as the Trump Trade pushed bonds lower (dollar also rallied on Monday) before settling just beneath the level. Attention on Tuesday turns to the NY Fed Survey of Consumer Expectations as well as several Fed speakers in wake of the FOMC rate decision last week. Attention will then turn to US CPI on Wednesday. Aside from the Trump Trade on Monday, focus lay on China inflation data over the weekend which was softer than expected while in Japan the October BoJ SOO was released, which continued to highlight a lack of urgency for immediate hikes. Elsewhere, there seems to be a softer tone on geopolitics from Israel noting they want to find a deal within a few weeks; with an agreement on the American document expected to be reached soon while Hezbollah said there are negotiations to stop the war, weighing on oil prices.

STIRS/OPERATIONS:

Market Implied Fed Rate Cut Pricing: December 21bps (prev. 21bps), January 29bps (prev. 31bps), March 43bps (prev. 45bps).

CRUDE

WTI (Z4) SETTLED USD 2.34 LOWER AT 68.04/BBL; BRENT (F5) SETTLED USD 2.04 LOWER AT 71.83/BBL

The crude complex started the week on the back foot amid a couple of bearish catalysts. The downside began in the European morning on reports, via Al Arabiya, that Hezbollah stated there are negotiations to stop the war. Thereafter, WTI and Brent sold off for the duration of the session, albeit settling just off lows, and was also hindered by the noticeable bid in the Dollar amid touted 'Trump trade'. Elsewhere, newsflow was very sparse on Monday due to the US holiday, Veteran's Day, which will delay US data releases by a day, for example private inventory is on Wednesday. For the record, the latest BSEE figures showed 25.69% of oil production at US Gulf of Mexico shut in response to Rafael (prev. 27.6%), and 13.06% of nat gas production (prev. 16.67%).

EQUITIES

CLOSES: SPX +0.1% at 6,001, NDX -0.05% at 21,107, DJIA +0.69% at 44,293, RUT +1.47% 2,43%.

SECTORS: Consumer Discretionary +1.76%, Financials +1.42%, Industrials +0.80%, Communication Services +0.45%, Energy +0.42%, Utilities +0.30%, Materials -0.51%, Consumer Staples -0.53%, Health -0.59%, Real Estate -0.80%, Technology -0.89%.

EUROPEAN CLOSES: DAX +1.22% at 19,451, FTSE 100 +0.65% at 8,125, CAC 40 +1.20% at 7,427, Euro Stoxx 50 +1.07% at 4,854, AEX +0.47% at 878, IBEX 35 +0.89% at 11,597, FTSE MIB +1.56% at 34,344, SMI +1.01% at 11,917.

STOCK SPECIFICS:

- **Cigna (CI):** Confirmed it is not pursuing a combination with **Humana (HUM)**.
- **AbbVie (ABBV):** Schizophrenia trials miss, with EMPOWER-1 and EMPOWER-2 Phase 2 clinical trials failing to meet their primary endpoint. As such, **Bristol-Myers Squibb (BMY)** soared.

- **Novavax (NVAX):** US FDA removed a hold on Novavax's COVID-19-flu combo trial and cleared the Co. to start enrolling in phase 3 trial.
- **TSMC (TSM):** Ordered by the US to stop shipments, starting today, of advanced chips to Chinese customers, that are often used in AI intelligence applications.
- **Nvidia (NVDA):** PT raised to USD 160 (prev. 150) at Morgan Stanley, keeping an 'Overweight' rating, expecting better gross margins in October, and the initial Blackwell ramp to come at lower margins starting January.
- **MicroStrategy (MSTR):** Executive Chairman Saylor announced the company has acquired a further 27.2k BTC for ~ USD 2.03bln.
- **AppLovin (APP):** To replace Dollar Tree (DLTR) in the Nasdaq 100.
- **Warner Bros Discovery (WBD):** Upgraded to 'Peer Perform' from 'Underperform' at Wolf Research, expecting Max's leverage to the industry's rebuilding and partnership trends to create a plausible path to state total company EBITDA.
- **Tempus AI (TEM):** Downgraded to 'Hold' from 'Buy' at Stifel, citing after the stock's last week run, valuation sits well above key comps, and "feels like a great time to move to the sidelines".
- In Trump trade, Crypto and crypto-exposed names (MSTR, COIN, MARA), Tesla (TSLA), and Trump Media & Technology (DJT) all surged.
- **Amedisys (AMED)** fell on a report the DoJ is leaning towards filing a lawsuit to challenge **UnitedHealth's (UNH)** planned acquisition of AMED, via Seeking Alpha.
- **Monolithic Power (MPWR):** Edgewater stated that Monolithic Power (MPWR) could lose the **Nvidia (NVDA)** Blackwall business, a narrative which bolstered Infineon (IFX GY) as the co. could get a larger allocation.

US FX WRAP

The Dollar Index was firmer to start the week in typical 'Trump Trade' behaviour amid very sparse newsflow on account of the US holiday, Veteran's Day. As such, there was no Fed speak or US data, at all, although Kashkari (2026 voter) spoke over the weekend and said if growth and productivity are strong, the Fed may not cut as much, while adding they want to get the job done on inflation. Ahead, there is a deluge of Fed speak this week with Powell, Williams, and Waller all speaking with the data highlight US CPI on Wednesday.

G10 FX was lower across the board against the Buck, albeit to varying degrees, with the **JPY** lagging and also hit by the latest BoJ SOO continuing to highlight a lack of urgency for immediate hikes. As such, USD/JPY printed a high of 153.95 against an earlier low of 152.65. Currencies were sold on the aforementioned Greenback bid, as opposed to anything specific, in light trade on Monday. For the **EUR**, macro commentary for the Eurozone continues to centre on the tariff risks stemming from a Trump Presidency as well as political instability in Germany, which saw EUR/USD trade in a 1.0629-0727 range, and hit the lowest level in excess of six months. **Antipodeans** were the relative outperformers and saw a little reprieve from the Dollar strength due to the general risk on tone. AUD/USD held above Friday's trough at 0.6557 but was unable to make its way back onto a 0.66, likewise with NZD/USD and the 0.60 handle.

EMFX was exclusively weaker, with LatAm FX notably hit by the Dollar strength, while commodity currencies were also weighed on by the spot gold and oil weakness. The Mexican peso was lower after Tom Homan was selected as Trump's "border czar" and newswires reported immigration hard-liner Stephen Miller would be White House deputy chief of staff for policy. In terms of risk events for this week, Banxico is on Thursday whereby the latest Reuters poll says 19 out of 20 analysts see the central bank cutting by 25bps to 10.25%, with one expecting a hold.

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