

Stocks snap losing streak, while Dollar pares post-election strength ahead of NVDA earnings

- **SNAPSHOT:** Equities up, Treasuries up, Crude up, Dollar down.
- **REAR VIEW:** Oil production at Tengiz reduced by 28-30%; All of Equinor Sverdrup output down; BoJ's Ueda maintains patience on future hikes; ECB's Makhlof said overwhelming evidence is needed for 50bps cut in December; IBM and AMD collaborate; Biden's admin lifts restrictions on Ukraine using US-made weapons to strike inside Russia; NAHB better than expected.
- **COMING UP:** **Data:** EZ HICP (Final), Canadian CPI, US Building Permits. **Events:** RBA Minutes; NBH Policy Announcement. **Speakers:** ECB's Elderson; BoE's Bailey, Lombardelli, Mann, Taylor; Fed's Schmid. **Supply:** UK. **Earnings:** British Land, Sage, Ashtead, Severn Trent, Walmart, Xpeng, Lowe's, Medtronic.
- **WEEK AHEAD:** Highlights include UK CPI & Retail Sales; RBA Minutes; Japanese CPI. [To download the full report, please click here](#)
- **CENTRAL BANK WEEKLY:** Previewing RBA Minutes, CBRT, and SARB; Reviewing BoJ SOO and Banxico. [To download the full report, please click here.](#)

MARKET WRAP

US indices saw modest gains on Monday, whereby the tech-heavy Nasdaq 100 (+0.7%) outperformed and buoyed by gains in Tesla (TSLA) (+5.7%) as it continues its post-Trump win rally. Sectors closed almost exclusively in the green with Energy and Communication Services the outperformers, with the former seeing tailwinds from the gains in the crude complex after Kazakhstan's Ministry of Energy noted oil production at Tengiz oilfield (600k BPD) is reduced by 28-30% due to technical works, and separately all of Sverdrup (720k BPD) output is down. In the FX space, the Dollar Index continues to unwind some of its Trump-induced strength to the benefit of most global FX peers, although the Yen lags with USD/JPY hitting a high of 155.35 after BoJ Governor Ueda's remarks overnight whereby he continued to signal a lack of urgency to hike rates. Treasuries chopped, with short duration eventually outperforming amidst thin newsflow ahead of the 20yr and 10yr TIPS auctions. While macro newsflow was thin to start the week, the focus continues to be around Nvidia (NVDA) earnings on Wednesday and President-elect Trump's cabinet picks, in addition to US Flash PMIs on Friday.

US DATA

NAHB: The NAHB housing market index for November printed 46.0, above the expected, and prior, 43.0. Within the release all three HMI indices were up, highlighted by current sales condition rising to 49.0 (prev. 47.0), sales expectations in the next six months lifting to 64 from 57, and finally, traffic of prospective buyers posted a three-point gain to 32. The report revealed that 31% of builders cut home prices in November, something which has remained essentially unchanged since July, hovering between 31% and 33%. Meanwhile, it adds, the average price reduction was 5%, slightly below the 6% rate posted in October, while the use of sales incentives was 60% (prev. 62%). On the data, Oxford Economics noted builders cited the end of election uncertainty and the prospects for regulatory relief under a Republican-controlled government as reasons for becoming less pessimistic. Although, OxEco adds, homebuilders still face challenges, including higher mortgage rates and labour shortages, which could worsen if a Trump Administration implements mass deportation policies.

FIXED INCOME

T-NOTES (Z4) FUTURES SETTLED 3 TICKS HIGHER AT 109-20

T-Notes chop, with short duration outperforming amidst thin newsflow. At settlement, 2s -2.1bps at 4.280%, 3s -2.7bps at 4.244%, 5s -2.5bps at 4.271%, 7s -2.3bps at 4.340%, 10s -1.6bps at 4.410%, 20s -0.1bps at 4.705%, 30s +0.6bps at 4.605%

INFLATION BREAKEVENS: 5yr BEI +2.1bps at 2.425%, 10yr BEI +0.9bps at 2.350%, 30yr BEI +1.3bps at 2.331%.

THE DAY: Treasuries were hit overnight and into the early hours of the US session as seemingly an extension of the Trump trade was at play following further cabinet picks over the weekend from President-elect Trump, in addition to continued digestion of hawkish-leaning remarks from Fed's Chair Powell last week ("economy is not sending signals that the Fed needs to be in a hurry to lower interest rates"), albeit, the dollar was trundling lower. Nevertheless, Treasuries caught a bid before the US cash open, with T-Notes lifted from session lows of 109-04+ to eventual highs of 109-21. Little newsflow was behind the reversal, as traders prepare for a thin week regarding macro updates for the US, with Nvidia (NVDA) earnings, initial jobless claims, flash S&P PMIs and final UoM figures the major releases this week.

STIRS/OPERATIONS

- **Market Implied Fed Rate Cut Pricing: December 15bps (prev. 16bps), January 23bps (prev. 23bps), March 37bps (prev. 37bps).**
- US sold USD 87bln in 3-mnth bills at 4.420%, covered 2.68x; sold USD 77bln of 6-mnth bills at 4.310%, covered 2.87x
- NY Fed RRP op demand at USD 200bln (prev. 172bln) across 59 counterparties (prev. 51).
- SOFR at 4.57% (prev. 4.58%), volumes at USD 2.425tln (prev. 2.177tln).
- EFFR at 4.58% (prev. 4.58%), volumes at USD 104bln (prev. 107bln).

CRUDE

WTI (F5) SETTLED USD 2.25 HIGHER AT USD 69.17/BBL; BRENT (F5) SETTLED 2.36 HIGHER AT USD 73.30/BBL

The crude complex was firmer to start the week and buoyed by a couple of bullish oil headlines. On the day, WTI and Brent were choppy through the European morning and hit lows of USD 66.61/bbl and USD 70.70/bbl, respectively, before extending higher thereafter on two reports. The first was that Kazakhstan's Ministry of Energy said oil production at the Tengiz oilfield (600k BPD) was reduced by 28-30% due to technical works, before seeing further upside after Equinor's Sverdrup (720k BPD) output was reported down. As such, WTI and Brent

printed initial intra-day peaks, before edging higher in the duration of the US session, albeit in thin newsflow. As for geopolitics, the main story over the weekend was US President Biden's administration lifting restrictions on Ukraine using US-made weapons to strike deep inside Russia, whereby the Kremlin since said this will usher in a new round of tensions. While in the Middle East, Israel was informed that US envoy Hochstein was heading to Beirut after receiving clarifications that were able to reach an agreement, according to Al Jazeera citing Israel's Channel 12.

EQUITIES

CLOSES: SPX +0.39% at 5,894, NDX +0.71% at 20,539, DJIA -0.13% at 43,390, RUT +0.11% at 2,306

SECTORS: Industrials -0.17%, Health unch, Technology +0.21%, Financials +0.23%, Consumer Staples +0.66%, Utilities +0.72%, Materials +0.74%, Real Estate +0.84%, Consumer Discretionary +0.85%, Communication Services +1.04%, Energy +1.05%.

EUROPEAN CLOSES: DAX: -0.18% at 19,176, FTSE 100: +0.57% at 8,109, CAC 40: +0.12% at 7,278, Euro Stoxx 50: -0.11% at 4,790, AEX: +0.33% at 865, IBEX 35: +0.33% at 11,675, FTSE MIB: -1.27% at 33,758, SMI: +0.04% at 11,632, PSI: -0.23% at 6,413.

STOCK SPECIFICS:

- **Nvidia (NVDA):** Faces challenges with its Blackwell AI chip servers, particularly with heating issues when multiple units are connected in customised racks, the Information reports.
- **Super Micro Computer (SMCI):** Expected to file a plan for its delayed annual report by today that could help it avoid delisting.
- **Netflix (NFLX):** Faced widespread issues during the Mike Tyson vs. Jake Paul fight, with users reporting failures to load the stream, NYT reports.
- **Tesla (TSLA):** Members of President-elect Trump's transition team have told advisers they plan to make a federal framework for fully self-driving vehicles one of the Transportation Department's priorities
- **Liberty Energy (LBRT):** President-elect Trump nominated Liberty Founder, Chairman of the Board, Director and CEO, Chris Wright, for the US Secretary of Energy. Wright also serves as a board member at **Oklo (OKLO)**.
- **Spirit Airlines (SAVE):** Enters agreement with bondholders to reduce debt; expect to be delisted from NYSE.
- **Warner Bros Discovery (WBD):** Settled a breach of contract lawsuit with the NBA over TV rights, allowing Warner Bros to develop new shows with NBA content in both the US and overseas, WSJ reports.
- **Moderna (MRNA):** Upgraded at HSBC; said if Moderna's existing key pipeline products manage to launch successfully and RSV-vaccine recommendation pressure eases, there could be attractive upside potential for the stock.
- **CVS Health (CVS):** Upgraded at Wells Fargo; believes the negative consequences of aggressive growth strategies at Aetna have likely peaked and created a compelling investment opportunity.
- **IBM (IBM), AMD (AMD):** Announced a collaboration to deploy AMD Instinct MI300X accelerators as a service on IBM Cloud.
- **Boeing (BA):** To lay off 2,199 workers in Washington state.
- **Henry Schein (HSIC):** Activist investor Anonym Capital pushes for changes at Henry Schein, according to Reuters sources; Anonym wants refreshed board, CEO succession plan, and review of alternatives for medical distribution business.
- US President-elect Trump to meet privately with **Coinbase (COIN)** CEO Brian Armstrong, WSJ reports.
- **Trump & Media Technology (DJT)** is in advanced talks to buy **Bakkt Holdings (BKKT)**, FT reports

US FX WRAP

The Dollar Index was lower to start the week amid potential profit-taking as upward momentum in the Trump trade slowed and commodity prices rose. Newsflow was sparse on Monday, with the only US data being NAHB for November, which was better than expected but garnered little reaction, as expected. Regarding Fed speak, only Goolsbee was on the wires but did not say much of interest. For the week, there are little tier 1 US events, but there is the weekly data, Flash PMIs (Fri), a slew of Fed speak, and Nvidia earnings.

JPY was the clear G10 laggard and the only G10 FX to see losses against the Greenback due to commentary from BoJ Governor Ueda, whereby he continued to signal a lack of urgency to hike rates. As a result, USD/JPY printed a high of 155.35 before pulling back towards 154.70 as the Yen got some reprieve amid the Dollar weakness.

AUD, EUR, NZD, CHF, GBP, and **CAD** were all firmer vs. the Greenback to similar degrees, with the Aussie outperforming. In the lack of many macro or market-moving headlines, all the aforementioned currencies were supported by the Dollar weakness as opposed to much currency specific. For the Euro, there was a slew of ECB speak but the highlight came from Makhlof who stated that evidence would need to be "overwhelming" for him to back a 50bps rate cut next month. Money markets are currently pricing in a 25% chance of a 50bps cut in December, although rate expectations are likely to be further fine-tuned by Friday's flash PMI data. EUR/USD traded between 1.0531-0607, and currently sits just beneath the round 1.0600. For the **Sterling** watchers, Cable hit a high of 1.2686 against an earlier low of 1.2612, and the focus this week will be on UK CPI, retail sales and PMI figures. CAD saw added tailwinds from the bid in the crude complex amid a couple of bullish oil headlines, as production will be down in a couple of large refineries. USD/CAD hit a low of 1.4005, but could not quite break 1.40 to the downside. Canadian CPI on Tuesday is the data highlight.

Antipodeans gained but the Kiwi ran out of momentum as NZD/USD ran into a key level, as it printed a peak of 0.5898. Overnight, RBA's Kent said it is worth reviewing the RBA's approach to forward guidance from time to time and in Australia its [forward guidance] might be less useful than in the US. AUD/USD hit a peak of 0.6511 vs. an earlier low of 0.6449 ahead of RBA Minutes overnight.

EMFX was almost exclusively firmer against the Dollar, as they continued their attempt to pare the post-election losses, as they were broadly buoyed by the bid in commodities and the Dollar weakness, which has been mentioned throughout. Out of LatAm FX, Chilean Q3 GDP marginally topped expectations, while Brazil economists see the Selic rate ending 2024 at 11.75% (unch w/w) and 2025 at 12.00% (vs 11.50% in last week's poll). In further economic forecasts, the Finance Ministry revised up 2024 GDP growth, while leaving 2025 unchanged, and also lifted its 2024 and 2025 inflation forecasts. A flat Yuan, was the relative underperformer.

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