

Stocks bid in wake of US/China trade talks while Dollar lags

- **SNAPSHOT:** Equities up, Treasuries up, Crude up, Dollar down
- **REAR VIEW:** US and China talk positive about trade meeting, framework on TikTok deal reached; Trump to speak with Xi on Friday; USTR Greer says open to considering further action on tariff pause with China, if talks positive; NY Fed Mfg unexpectedly drops sharply; Ukrainian drone attack damages key unit of Russia's Kirishi oil refinery; Chinese Retail Sales & Industrial Output misses expectations; China launches two investigations targeting the US semiconductor sector; China's SAMR to continue its antitrust investigation into NVDA; TSLA CEO Elon Musk buys more than 2.5m shares.
- **COMING UP:** **Data:** UK Jobs Report (Jul), Italian CPI Final (Aug), EZ Industrial Production (Jul), Labour Costs (Q2), German ZEW Survey (Sep), US Retail Sales (Aug) and Industrial Production (Aug), Import Prices (Aug), Atlanta Fed GDP, Canadian CPI (Aug). **Events:** Senate Final Confirmation Vote on Fed board nominee Stephen Miran (TBC). **Speakers:** RBA's Hunter, Hauser; ECB's Escriva. **Supply:** Australia, UK, Germany, UK, US.
- **WEEK AHEAD:** Highlights include FOMC, BoE, BoC, BoJ, US Retail Sales, UK Inflation, UK Jobs and China activity data. [Click here for the full report.](#)
- **CENTRAL BANK WEEKLY:** Previewing FOMC, BoJ, BoE, BoC, BCB, Norges; Reviewing CBRT and ECB. [Click here for the full report.](#)
- **WEEKLY US EARNINGS ESTIMATES:** Light earnings docket but highlights include GIS, FDX, LEN. [Click here for the full report.](#)

MARKET WRAP

Stocks were green on Monday with outperformance in the Nasdaq thanks to notable gains in Alphabet (GOOGL) and Tesla (TSLA), with Google joining the USD 3 trillion market cap club while Tesla shares rallied on the Musk share purchases. Other mega-cap stocks performed well (AAPL, MSFT, AMZN), but Nvidia (NVDA) losses limited the gains due to China antitrust investigations, albeit NVDA closed off the earlier lows. Sectors were more mixed, however, with the heavy-cap sectors (communication, consumer discretionary and tech) outperforming, while consumer staples and health care lagged; breadth was negative at c. 200 gainers to 300 losers. Elsewhere, T-notes were bid as a downbeat NY Fed Manufacturing survey added to economic concerns, while attention turns to US Retail Sales on Tuesday and the FOMC on Wednesday. In FX, the Dollar underperformed while the CAD led gains. CNH saw strength after the US and China talks, which saw the two sides come to an agreement in principle on TikTok. Meanwhile, overnight, China's Retail sales data disappointed, as did Industrial Output, which raised speculation of more Chinese stimulus. Gold prices continued to add to gains as economic concerns continue to keep Fed rate cut bets in play, while also spurring demand for havens. Oil prices settled green with fresh upside seen on more reports of a Ukrainian strike on Russian oil facilities.

US

NY FED: The NY Fed Manufacturing Survey disappointed in September. It fell to -8.7 from +11.9, well beneath the +5.0 forecast, and even falling beneath the most pessimistic forecast of -6.00. The downside was primarily led by tumbling New orders and shipments. The new orders index declined 35 points to -19.6, and the shipments index fell thirty points to -17.3, the lowest levels for both indexes since April 2024. Meanwhile, Prices Paid fell eight points to 46.1, a sign that input price increases slowed but remained steep, while prices received were little changed at 21.6, suggesting selling prices continued to rise at a moderate rate. The index for the number of employees came in at around zero, suggesting that employment was little changed after increasing for the prior three months, while the average workweek index declined to -5.1, pointing to a modest drop in hours worked. Looking ahead, the report noted that the index for future general business conditions came in at 14.8, suggesting that firms expect conditions to improve somewhat in the months ahead.

FIXED INCOME

T-NOTE FUTURES (Z5) SETTLED 6 TICKS HIGHER AT 113-15

T-notes catch bid after weak NY Fed manufacturing survey. At settlement, 2-year -2.1bps at 3.537%, 3-year -2.6bps at 3.500%, 5-year -2.1bps at 3.604%, 7-year -2.5bps at 3.787%, 10-year -2.3bps at 4.038%, 20-year -2.1bps at 4.622%, 30-year -1.9bps at 4.660%.

INFLATION BREAKEVENS: 1-year BEI -0.1bps at 3.282%, 3-year BEI -1.9bps at 2.707%, 5-year BEI -0.5bps at 2.446%, 10-year BEI -0.4bps at 2.349%, 30-year BEI -0.4bps at 2.250%.

THE DAY: T-Notes were bid on Monday with upside supported by the NY Fed Manufacturing survey miss. The headline fell beneath all analyst forecasts, led by a chunky drop in New Orders, while Employment also slipped into contractionary territory. Meanwhile, Prices Paid eased, and optimism about the outlook pared somewhat but remained positive. T-notes were already trending higher ahead of the data, but the data took T-notes to highs, and then meandered around best levels into settlement. Some of the morning upside was attributed to commentary from JPM's Asset Management Head speaking up the US economy, downplaying risks of recession and noting that the long end of the market "looks like the cheap spot on the curve". Attention turns to Tuesday's retail sales data ahead of the FOMC on Wednesday, with focus on the size of the rate cut, the dissent, and also the updated dot plots.

SUPPLY

T-Notes/Bonds

- US Treasury to sell USD 13bln in 20yr bonds on September 16th and USD 19bln in 10yr TIPS on September 18th; all to settle Sept. 30th.

Bills:

- US sold USD 84.3bln of 3-month bills at a high rate of 3.905%, B/C 3.11x; sold USD 75bln of 6-month bills at a high rate of 3.715%, B/C 3.09x
- US to sell USD 85bln of 6-week bills on September 16th.

STIRS/OPERATIONS

- **Market Implied Fed Rate Cut Pricing: September 26bps (prev. 26bps), Oct 45bps (prev. 48bps), Dec 67bps (prev. 70bps).**
- NY Fed RRP op demand at USD 17bln (prev. 17.3bln) across 16 counterparties (prev. 16).
- EFR at 4.33% (prev. 4.33%), volumes at USD 106bln (prev. 117bln) on September 12th
- SOFR at 4.42% (prev. 4.41%), volumes at USD 2830tln (prev. 2.828tln) on September 12th

Block trades (Futures)

- 09:55EDT/14:55BST: 6.0k 5-Year T-Note Futures (ZFZ5) at 109-257

CRUDE

WTI (V5) SETTLED USD 0.61 HIGHER AT USD 63.30/BBL; BRENT (X5) SETTLED USD 0.45 HIGHER AT USD 67.44/BBL

Crude prices marched higher amid continued Ukraine attacks on Russian oil facilities. A Ukrainian drone attack damaged a key unit of Russia's Kirishi oil refinery (355k bpd), according to Reuters, citing sources; maintenance could take about a month. Gains in crude extend after the Reuters report, with WTI and Brent hitting highs of USD 63.67/bbl and USD 67.85/bbl, respectively. Prices were already gaining from a weaker USD and recent rhetoric from US President Trump, who said he is ready to impose major sanctions on Russia when NATO nations do the same and stop buying Russian oil. On US-China talks, Treasury Secretary Bessent said tariffs on Chinese imports of Russian oil were mentioned, but not the centrepiece of the talks. Thereafter, Russia's Primorsk oil port (can load ~ 1mln BPD), which has undergone attacks from Ukrainian drones, partially resumed operations on Saturday, Reuters reported via two sources. At HSBC, they see a big oil surplus from Q4 2025 onwards, 1.7mln BPD in Q4, 2.4mln BPD in 2026; they see a downside risk to the 2026 USD 65/bbl Brent assumption if stockbuilds materialise in the west.

EQUITIES

CLOSES: SPX +0.47% at 6,615, NDX +0.84% at 24,294, DJI +0.11% at 45,883, RUT +0.34% at 2,405.

SECTORS: Consumer Staples -1.15%, Health -1.01%, Materials -0.82%, Energy -0.30%, Real Estate -0.30%, Financials -0.22%, Utilities +0.15%, Industrials +0.45%, Technology +0.82%, Consumer Discretionary +1.10%, Communication Services +2.33%.

EUROPEAN CLOSES: Euro Stoxx 50 +0.94% at 5,442, Dax 40 +0.15% at 23,734, FTSE 100 -0.07% at 9,277, CAC 40 +0.92% at 7,897, FTSE MIB +1.14% at 43,054, IBEX 35 +0.57% at 15,395, PSI +0.24% at 7,767, SMI -0.42% at 12,143, AEX +1.13% at 919.

STOCK SPECIFICS

- **US semiconductors:** China has launched two investigations targeting the US semiconductor sector ahead of planned bilateral trade talks. The Ministry of Commerce opened an anti-dumping probe into certain American-made analog IC chips, including those from Texas Instruments (TXN) and Analog Devices (ADI), and an anti-discrimination investigation into US actions against China's chip industry.
- **NVIDIA (NVDA):** China's SAMR is to continue an antitrust investigation into NVDA.
- **Tesla (TSLA):** CEO Elon Musk purchased more than 2.5mln TSLA shares in September; German factory to increase production plans for Q3/Q4 due to "very good sales figures."
- **Novo Nordisk (NVO):** EU approval makes NVO's oral Semaglutide the first and only oral GLP-1 RA to reduce cardiovascular death, heart attack and stroke.
- **Hims & Hers Health (HIMS):** US FDA Commissioner said that the HIMS Super Bowl ad breached federal law.
- **V.F. Corporation (VFC):** To sell the Dickies brand for USD 600mln in cash to Bluestar Alliance.
- **Alaska Air Group (ALK):** Sees Q3 adj. EPS at the low end of its previously guided range.
- **Union Pacific (UNP):** Upgraded at Citi to 'Buy' from 'Neutral'.
- **Eaton (ETN):** Upgraded at Melius Research to 'Buy' from 'Hold'.
- **Builders FirstSource (BLDR):** Downgraded to 'Neutral' from 'Outperform' at Wedbush.
- SEC says it does not object to **Exxon's (XOM)** plan to allow retail investors to automatically cast ballots in step with the Board's recommendations; Approx. 40% of the shares are held by this group, but only around one-quarter vote during proxy season.
- Canada PM Carney told **Anglo American (AAL LN)** to move HQ to Canada or he wouldn't approve **Teck (TECK)** mining deal, via Globe and Mail.

FX

The Dollar took a back foot in FX across the G10 space, as lower US yields set the tone for the start of the week ahead of the FOMC on Wednesday. Tier 1 releases were absent ahead of Retail Sales on Tuesday (+0.2% M/M expected), but data did come via the NY Fed Manufacturing Survey in September. The headline unexpectedly saw a sharp drop due to a plummet in new orders and a drop in Shipments. Albeit, given FOMC and Retail Sales lie ahead, the release had little bearing on USD movement. Talks between the US and China on trade/TikTok have seemingly gone well, judging from both sides' post-commentary. A framework has been reached on TikTok, while on trade, USTR Greer says they "Are open to considering further action on tariff pause, if talks are positive". The quiet start to the week in FX should change swiftly on Tuesday, where data across the globe includes US Retail Sales, UK job growth, Germany ZEW Sentiment, Canada CPI, and RBA's Hauser. From the earlier high of 97.704, DXY now sits ~ 93.30.

G10 FX was entirely firmer vs the USD as a narrowing rate differential environment led major peers to strengthen. CAD outperformed ahead of CPI on Tuesday (headline exp. 2.0% Y/Y) while AUD and GBP also saw decent gains. As mentioned, G10 had a quiet Monday in terms of newsflow, with the focus on Tuesday and beyond for data and rate decisions. At the ECB, Schnabel reiterated President Lagarde's comments from last week after the decision to hold rates: "Interest rates are in a good place as inflation stabilises around our 2% target and the economy remains resilient at full employment". Kocher sounded similar, noting rates are fine at current levels. EUR/USD now sits higher at ~1.1770 despite the Fitch downgrade on France by one move to A+. This should come as no surprise, given the recent increase in French sovereign bond spreads; Fitch's outlook is now stable.

CNH: Chinese data overnight fell short of analysts' expectations, Retail Sales grew 3.4% Y/Y (exp. 3.9%), and Industrial Output grew 5.2% Y/Y (exp. 5.7%). Oxford Economics writes that they estimate that the economy could "fall off a cliff in Q4 if the sluggish July and August activity pace is sustained, bringing into focus - once again - the urgent need for stimulus". ING voiced a similar tone, saying further stimulus could be needed for China to hit the 5% GDP growth target, and it continues "to see a high possibility for another 10bp rate cut and 50bp RRR cut in the coming weeks."

Copyright © 2025 Newsquawk Voice Limited. All rights reserved.

Registered Office One Love Lane, London, EC2V 7JN, United Kingdom · Registered Number 12020774 · Registered in England and Wales.

newsquawk.com · +44 20 3582 2778 · info@newsquawk.com