

Tuesday, November 19, 2024

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CL: -0.22 RB: +0.60c HO: -0.30c NG: -0.032 TY: -6.90 bps
Prices as of: 7:45 AM CT GC: +23.20 SI: +0.116 DX: +0.144

ECONOMIC

- 10-year futures are +14/32. Yields are -6.90 bps at 4.345%. S&P futures are -47.00. US markets are stumbling today after Russia's Putin updated Russia's nuclear doctrine amid escalating tensions with the United States over Ukraine. Government bonds, the Japanese yen and Swiss franc rallied on the move to safe-haven assets. Housing starts were weaker-than-expected. This week's calendar still has the Philadelphia Fed index and Existing Home Sales on Thursday.
- (Reuters) Housing Starts were 1.311 mln vs. 1.330 mln expected and 1.353 mln previously (revised from 1.354 mln). Building Permits were
- 1.416 mln vs. 1.430 mln expected and 1.425 mln previously.
- (Reuters) Shares of home improvement retailer Lowe's fell 2% after the company slightly trimmed its annual adjusted operating margin forecast to between 12.3% to 12.4% from previous 12.4% to 12.5% range.
- (Wire Services) Alphabet dropped 0.5% on reports that top Justice Department antitrust officials decided to ask a judge to force Google to sell off its Chrome browser to break its monopoly search.
- (Reuters) Walmart on Tuesday raised its annual sales and profit forecast for the third consecutive time, with people buying more groceries and merchandise online and at its stores, a sign that it may be gaining market share ahead of the holiday season.
- (Bloomberg) Japan and China sold Treasuries last quarter ahead of the US election. Japanese investors sold a record \$61.9 billion, while funds in China offloaded \$51.3 billion, the second biggest sum on record.
- (Bloomberg) The BOJ may raise policy rates to "a neutral rate" of 1% by March 2026, MUFG Chairman Kanetsugu Mike said.
- (Reuters) China is widely expected to leave its benchmark lending rates unchanged on Wednesday, a Reuters poll showed, as rate cuts a month earlier squeeze banks' profitability and the yuan comes under fresh pressure as Donald Trump returns to the White House.
- (Reuters) ECB policymaker Fabio Panetta said on Tuesday the European Central Bank should cut interest rates so they no longer curb economic growth, or so they even stimulate it, and give more guidance now that post-pandemic shocks are abating and inflation is normalizing. Panetta's comments bring into the open a growing debate inside the ECB about how far the euro zone's central bank should cut rates at a time when inflation is close to the bank's 2% target and economic growth is stagnating.
- (Reuters) Top Bank of England officials said on Tuesday the different possible impacts on inflation from tax increases in the new British government's first budget represented the biggest doubt around their intention to cut interest rates gradually. The Oct. 30 budget, which raised taxes on employers, represents an increase in the cost of employment, Governor Andrew Bailey said. He repeated the BoE's view that it could not yet be sure how that would feed through into consumer prices - whether companies will cut jobs, raise their prices or take a hit to profits.

GEOPOLITICAL

- (Reuters) Russian President Vladimir Putin on Tuesday lowered the threshold for a nuclear strike in response to a broader range of conventional attacks just days after the White House reportedly allowed Ukraine to fire American missiles deep into Russia. Analysts said the biggest change was that Russia could consider a nuclear strike in response to a conventional attack on Russia or ally Belarus that "created a critical threat to their sovereignty and (or) their territorial integrity".

- (Reuters) Kyiv said on Tuesday it struck a Russian arsenal near the town of Karachev in the Bryansk region, over 110 km (70 miles) from Ukraine, in what two Ukrainian media outlets reported was a first strike with U.S.-supplied ATACMS missiles.
- (Reuters) The number of North Korean troops stationed inside Russia could grow to 100,000, Ukrainian President Volodymyr Zelenskiy said on Tuesday.
- (Reuters) An Israeli airstrike killed five people in central Beirut on Monday, Lebanon's health ministry said, the second day in a row Israel has hit a target within the capital as it presses its campaign against Iran-backed armed group Hezbollah.
- (Reuters) Lebanon and Hezbollah have agreed to a U.S. ceasefire proposal and made some comments on the content, a top Lebanese official told Reuters on Monday, describing the effort as the most serious yet to end to the fighting.

ENERGY

- WTI is -\$0.22/bbl at \$68.95/bbl, while Brent is -\$0.06/bbl at \$73.24/bbl. Natural gas is -\$0.032/MMBtu at \$2.941/MMBtu.
- (Reuters) U.S. crude futures flipped to a contango structure for the first time since February on Monday, with West Texas Intermediate for January delivery trading at a premium to the December contract in a sign that supply tightness is easing.
- (Reuters) Equinor has resumed production at the Johan Sverdrup oilfield in the North Sea following a power outage, reaching two-thirds of capacity by mid-morning on Tuesday, a company spokesperson said. Output was halted on Monday at western Europe's largest oilfield due to an onshore power outage that disrupted electricity supply to the platforms, boosting global oil prices. Repair work on the converter station is ongoing and Equinor was working to resume full output, the spokesperson said.
- (Reuters) Russia plans to take 2.42 million metric tons of refining capacity offline in November, up 34% from a previous plan, increasing the amount of crude oil available for export, according to Reuters calculations based on data from industry sources.

METALS

- Gold (December) is +\$23.20/oz, trading at \$2,637.80/oz, while silver (December) is +\$0.116/oz at \$31.34/oz.
- The dollar index is -0.144 points at 106.131.
- The calculated odds in the Fed Funds futures of a 25 bps cut on December 18th is at 66% and down from 60% yesterday.
- (Reuters) Commerzbank raised its gold price target for second half of 2025 to \$2,650 from \$2,600.

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