

■ First to Market

September 11, 2024

Clarity, Power, and Normalcy

A daily market update from FS Insight – what you need to know ahead of opening bell

“Education is not the means of showing people how to get what they want. Education is an exercise by means of which enough men, it is hoped, will learn to want what is worth having.” ~ Ronald Reagan

Overnight

Consumer prices rose 0.2% in August with core inflation higher than expected [CNBC](#)

Kamala Harris baited Donald Trump into a debate on her terms [Semaphor](#)

Fed backpedals on plan to increase big-bank capital [WSJ](#) *

Americans’ inflation-adjusted incomes rebounded to pre-pandemic levels last year [AP](#)

BOJ policymaker signals readiness to raise rates if inflation on track [RT](#)

US sanctions Iran over Russia missile shipments [Semaphor](#)

China’s \$6.5T stock rout is worsening economic confidence [BBG](#)

Maldives hunts for bailout to avoid first Islamic sovereign debt default [FI](#)

Dozens of attorneys general urge Congress to add social media warning labels [Axios](#)



Key witness in trial of FTX founder Sam Bankman-Fried seeks no prison time at upcoming sentencing [AP](#)

Chinese bank was told to wire authorities \$11mn after founder disappeared [FT](#)

Goldman's credit-card exit hampered by lax lending standards [WSJ](#)

Apollo and State Street are launching a private credit ETF [BBG](#)

Nippon Steel flies to Washington for last-gasp push to save US Steel deal [FT](#)

UniCredit CEO approaches Commerzbank to explore merger talks, source says [RT](#)

Brian Niccol wants Starbucks to focus on coffee again [Barron's](#)

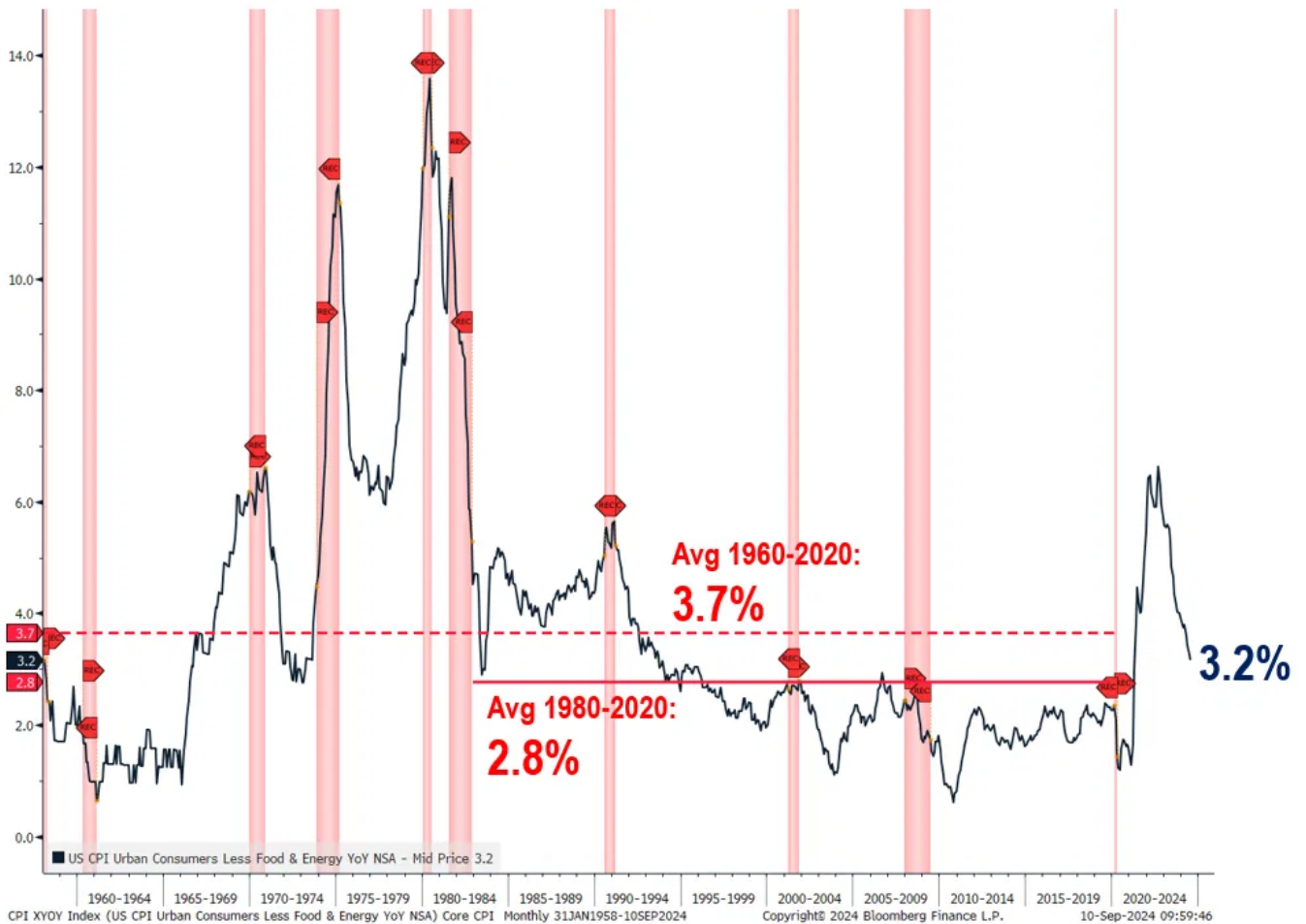
Campbell is dropping the 'Soup' from its name [CNN](#)

Samsung Electronics plans global job cuts of up to 30% in some divisions [RT](#)

More than 150 dead in Vietnam as typhoon floods capital [BBC](#) Biden admin condemns "dangerous" conspiracy about Haitian immigrants [Axios](#)

Chart of the Day

CORE INFLATION: Heading back to trend



MARKET LEVELS

Overnight

S&P Futures -18 ▼ point(s) (-0.3% ▼)
 Overnight range: -33 ▼ to -2 ▼ point(s)

APAC

Nikkei -1.49% ▼
 Topix -1.78% ▼
 China SHCOMP -0.82% ▼



Hang Seng **-0.73%** ▼

Korea **-0.4%** ▼

Singapore **+0.53%** ▲

Australia **-0.3%** ▼

India **-0.61%** ▼

Taiwan **-0.16%** ▼

Europe

Stoxx 50 **+0.3%** ▲

Stoxx 600 **+0.15%** ▲

FTSE 100 **-0.12%** ▼

DAX **+0.14%** ▲

CAC 40 **+0.09%** ▲

Italy **-0.17%** ▼

IBEX **+0.63%** ▲

FX

Dollar Index (DXY) **-0.25%** ▼ to 101.38

EUR/USD **+0.24%** ▲ to 1.1046

GBP/USD **+0.08%** ▲ to 1.309

USD/JPY **-0.67%** ▼ to 141.48

USD/CNY **-0.13%** ▼ to 7.1115

USD/CNH **-0.25%** ▼ to 7.118

USD/CHF **-0.15%** ▼ to 0.8457

USD/CAD **-0.17%** ▼ to 1.3587

AUD/USD **+0.12%** ▲ to 0.666

Crypto

BTC **-1.53%** ▼ to 56695.29

ETH **-2.11%** ▼ to 2327.93



XRP **-1.29%** ▼ to 0.5338
Cardano **-1.72%** ▼ to 0.3365
Solana **-2.96%** ▼ to 131.6
Avalanche **-3.25%** ▼ to 23.56
Dogecoin **-2.33%** ▼ to 0.1004
Chainlink **-1.86%** ▼ to 10.4

Commodities and Others

VIX **+2.67%** ▲ to 19.59
WTI Crude **+2.42%** ▲ to 67.34
Brent Crude **+2.18%** ▲ to 70.7
Nat Gas **+0.27%** ▲ to 2.24
RBOB Gas **+2.32%** ▲ to 1.913
Heating Oil **+1.49%** ▲ to 2.089
Gold **+0.27%** ▲ to 2523.53
Silver **+1.38%** ▲ to 28.79
Copper **+0.43%** ▲ to 4.058

US Treasuries

1M **-1.3bps** ▼ to 5.0265%
3M **-1.1bps** ▼ to 4.9472%
6M **-1.9bps** ▼ to 4.6501%
12M **-3.3bps** ▼ to 4.0243%
2Y **-2.7bps** ▼ to 3.5669%
5Y **-2.9bps** ▼ to 3.394%
7Y **-3.0bps** ▼ to 3.4902%
10Y **-3.0bps** ▼ to 3.6124%
20Y **-3.2bps** ▼ to 4.0%
30Y **-3.4bps** ▼ to 3.9286%

UST Term Structure



2Y-3 ▼M Spread narrowed 2.9bps to -141.4 ▼ bps
10Y-2 ▼Y Spread narrowed 0.3bps to 4.1 bps
30Y-10 ▼Y Spread narrowed 0.2bps to 31.4 bps

Yesterday's Recap

SPX +0.45% ▲
SPX Eq Wt +0.06% ▲
NASDAQ 100 +0.9% ▲
NASDAQ Comp +0.84% ▲
Russell Midcap -0.04% ▼
R2k -0.02% ▼
R1k Value -0.16% ▼
R1k Growth +0.96% ▲
R2k Value +0.05% ▲
R2k Growth -0.08% ▼
FANG+ +1.54% ▲
Semis +0.95% ▲
Software +1.59% ▲
Biotech +0.21% ▲
Regional Banks -0.87% ▼ SPX GICS1 Sorted: REITs +1.77% ▲
Cons Disc +1.39% ▲
Tech +1.23% ▲
SPX +0.45% ▲
Healthcare +0.45% ▲
Utes +0.44% ▲
Indu +0.17% ▲
Comm Srvcs +0.1% ▲
Materials +0.07% ▲
Cons Staples +0.0% ▲
Fin -0.98% ▼
Energy -1.92% ▼



USD HY OaS

All Sectors **+11.4bp ▲** to 396bp
 All Sectors ex-Energy **+9.8bp ▲** to 366bp
 Cons Disc **+10.8bp ▲** to 355bp
 Indu **+9.8bp ▲** to 292bp
 Tech **+9.6bp ▲** to 370bp
 Comm Srvcs **+3.7bp ▲** to 637bp
 Materials **+12.9bp ▲** to 376bp
 Energy **+21.9bp ▲** to 356bp
 Fin Snr **+12.8bp ▲** to 355bp
 Fin Sub **+4.2bp ▲** to 251bp
 Cons Staples **+10.2bp ▲** to 341bp
 Healthcare **+10.9bp ▲** to 423bp
 Utes **+12.8bp ▲** to 257bp *

DATE	TIME	DESCRIPTION	ESTIMATE	LAST
9/11	8:30AM	Aug CPI m/m	0.2	0.2
9/11	8:30AM	Aug Core CPI m/m	0.2	0.2
9/11	8:30AM	Aug CPI y/y	2.5	2.9
9/11	8:30AM	Aug Core CPI y/y	3.2	3.2
9/12	8:30AM	Aug PPI m/m	0.1	0.1
9/12	8:30AM	Aug Core PPI m/m	0.2	0.0
9/13	8:30AM	Aug Import Price m/m	-0.2	0.1
9/13	10AM	Sep P UMich 1yr Inf Exp	2.7	2.8
9/13	10AM	Sep P UMich Sentiment	68.3	67.9
9/17	8:30AM	Aug Retail Sales m/m	0.2	1.0
9/17	10AM	Sep Homebuilder Sentiment	n/a	39.0



MORNING INSIGHT

Good morning!

Going into Wednesday morning, we have clarity regarding the first 2024 Presidential Debate and August Core CPI (Street expectations are +0.20%). To us, the fact these will be behind us (not “anticipated”) is arguably more important. That is, I am not sure the outcome of either really sways markets. Instead, the fact these are behind us is the “clarity” and helps markets regain some footing.

Click [HERE](#) for more.

TECHNICAL

- Trends remain negative and in need of improvement despite early week gains
- September’s “First Four days” signals a distinct possibility of additional weakness
- Financials remain in good shape technically despite Bank weakness

Click [HERE](#) for more.

CRYPTO

We discuss the current market psychology leading up to this morning’s CPI release, discuss the implications of last night’s presidential debate, and take a closer look at Helium (HNT), the altcoin that has demonstrated outsized strength with high trading volumes over the past month.

Click [HERE](#) for more.

First News

Particular developments in power. On Tuesday, a robot in Japan began [a two-week mission](#) to retrieve the first sample of melted fuel debris from the Fukushima Daiichi nuclear power plant, which suffered a meltdown after the 2011 Tōhoku earthquake and resulting tsunami. The sample is required to plan the final phase of cleaning up and decommissioning Daiichi, with an estimated 880 tons of radioactive molten fuel still inside. Officials from the Tokyo Electric Power Company (TEPCO) hope to complete the cleanup in 30 to 40 years, a timetable that some have criticized as unrealistically aggressive.

Disasters such as this one have triggered fears of nuclear power, but the increased energy demands sparked by the rise of AI and data centers, the move toward electric vehicles, and cryptocurrency mining have helped nuclear-power advocates to push ahead with plans to build new reactors. Italy, which has banned nuclear power since 1987, announced that early next year, it [plans to propose legislation](#) to lift that prohibition. New reactor designs – including small modular reactors some view as safer, cheaper, and easier to build – helped persuade “Il Bel Paese” to consider reversing its decades-long policy.

Small modular reactors can be constructed in significantly less time than the six to eight years it takes for more traditional reactors, but it still can take 24 – 36 months. That might be just as well, given that the CEO of Kazatomprom, the largest uranium miner, [warned that the Russian-Ukraine war is making it increasingly difficult](#) for his company to continue supplying nuclear fuel to the West. Hopefully, by the time current plans for new nuclear-plant construction are approved and under way, this will no longer be the case.

Baby, baby, baby. This week, China announced plans to halt most international adoptions, with the exception of adoptions by foreign nationals with a blood relationship to the child. International adoptions are on the wane, driven in part by criticism over corruption and abuse associated with the practice. South Korea, for instance, yesterday unveiled [fresh evidence](#) to support allegations that from the 1960s to the 1980s, mothers were forced to give up their children for adoption in the U.S., Denmark, and Australia.

Yet other factors are likely to have also motivated the policy shift. In China, international adoptions began in 1992 largely as a response to a profusion of babies being abandoned at police stations, hospitals, and orphanages by parents seeking to avoid being penalized for violating the country's one-child law. This phenomena has ebbed as China's birth rate declined, and China's shrinking workforce is widely seen as a cause for serious economic and social concern. A halt to the international adoption of Chinese children could help to ameliorate the problem, at least slightly.

The Middle Kingdom is also hoping to tackle the problem from the other end, by raising the country's retirement age. China's National People's Congress announced that it is drafting a law to "gradually delay mandatory retirement ages." Although officials are arguably wary about the social unrest and unhappiness that will come from such a change in policy, China has one of the [lowest retirement ages amongst large economies](#): Men can retire and draw a state pension as early as 60, while women can retire at 55 (white-collar occupations) or 50 (blue-collar jobs).

The problems of an aging population, a shrinking workforce, and a low birth rate are not unique to China. Many other countries are confronting this problem. For example, South Korea has a birth rate of just 0.72 (a birth rate of 2.1 is considered needed to maintain population size), so it was cause for vexation this week when it was reported that [sales of dog strollers had exceeded sales of baby strollers](#).

The low U.S. birth rate has become part of the [U.S. election discussion](#) from both major Presidential campaigns in recent weeks – tacit bipartisan agreement that a problem exists. Former President Donald Trump proposed paying “baby bonuses” to incentivize having children, as well as federal funding for IVF. His running mate, Sen. JD Vance, suggested increasing child tax credits to \$5,000 per child.

Democrats have not directly mentioned the country’s shrinking birth rate, but Vice President Kamala Harris has proposed policies that focus on making it more economically feasible to have children: \$6,000 tax credits to parents of newborns, paid parental leave, universal pre-school, and affordable child care.

Similar proposals (as those proposed by both campaigns) have been tried elsewhere, however, and Phillip Levine, an economics professor and expert on fertility rates at Wellesley College, said that [there is little evidence](#) that they have made any significant impact in that respect.

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