

■ First to Market

October 4, 2024

Jobs Come in Hot, Port Strike Suspended

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

"I feel sorry for the person who can't get genuinely excited about his work. Not only will he never be satisfied, but he will never achieve anything worthwhile." – Walter Chrysler

Overnight

10-year Treasury yield soars after jobs report blows past expectations [CNBC](#)

US dockworkers suspend ports strike until January after tentative agreement reached [BBC](#)

Israel stages massive Beirut strikes targeting Hezbollah leaders [BBG](#)

Spirit Airlines shares plunge on report of potential bankruptcy filing [RT](#)

EU votes to impose tariffs of up to 45% on China-made EVs [BBG](#)

U.S. services sector leaps forward, ISM survey suggests [WSJ](#)

Oil surges after Biden says U.S. discussing Israel attack on Iran facilities [WSJ](#)

Fed's Goolsbee repeats rates must fall by 'a lot' over next year [BBG](#)

Japan PM Shigeru Ishiba asks ministers to craft economic relief package to cushion inflation impact [CNBC](#)

US office real estate market shows signs of bottoming after big discount sales [RT](#)



Mortgage activity begins to pick up with 30Y rate back near 6% [BBG](#)

US, Microsoft seize more than 100 websites used by Russian hackers [SEM](#)

Google starts placing ads that will be displayed within and alongside AI-generated search summaries [BBG](#)

Tesla's top data executive is leaving days before robotaxi event [BBG](#)

NHTSA opens probe into more than 360,000 Ford SUVs over loss of braking [RT](#)

Google introduces new way to search by filming video [BBC](#)

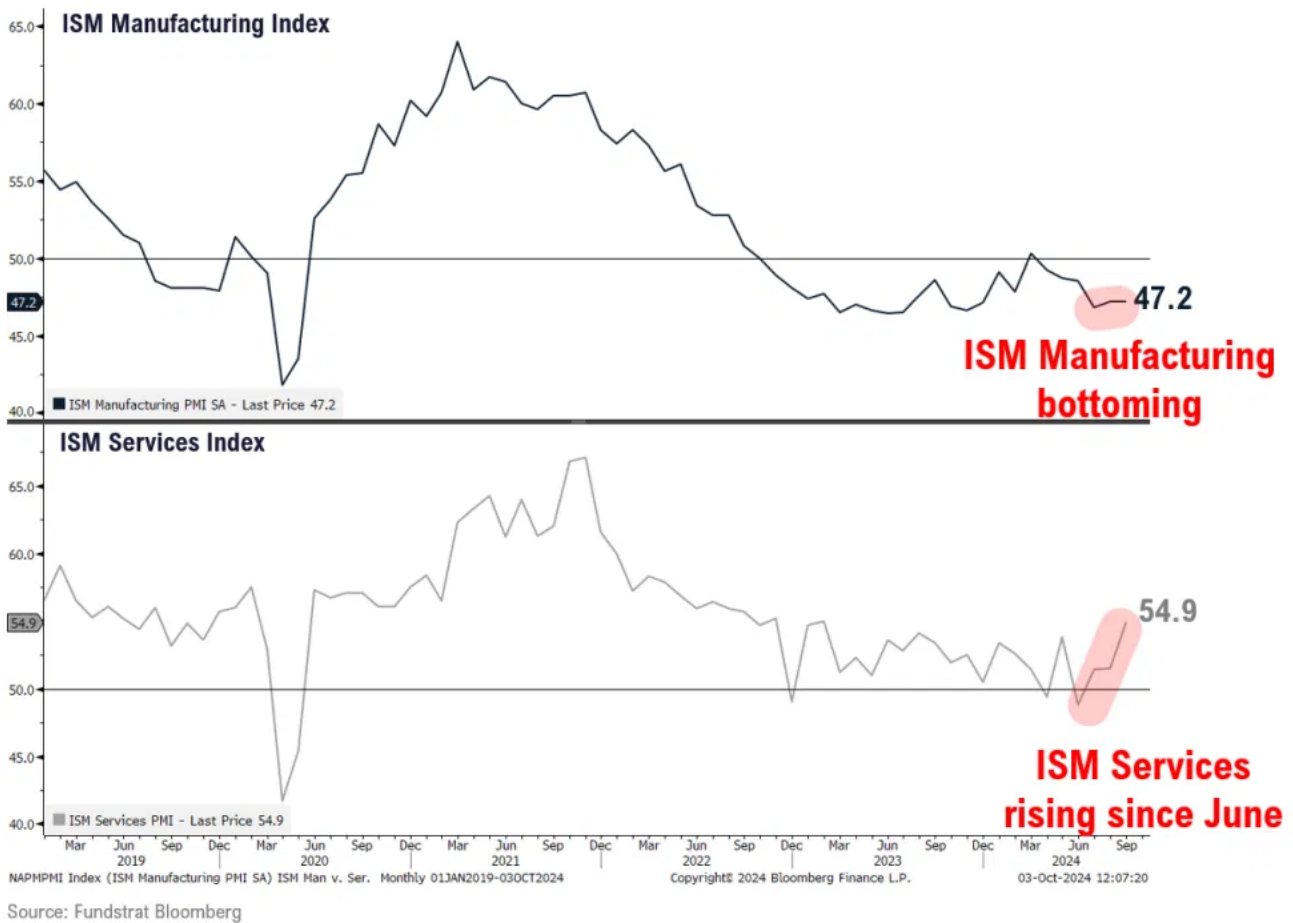
Helene becomes deadliest mainland US hurricane since Katrina [BBC](#)

Singapore charges billionaire in gifts scandal involving ex-transport minister [FT](#)

New vaccine 'could wipe out' ovarian cancer [BBC](#)

Chart of the Day

ISM Manufacturing vs. ISM Services Indices
Since 2019



Overnight

S&P Futures **-6 ▼** point(s) **(-0.1% ▼)**
 overnight range: **-34 ▼** to **+13 ▲** point(s)

APAC

- Nikkei **+1.97% ▲**
- Topix **+1.20% ▲**
- China SHCOMP **+8.06% ▲**
- Hang Seng **-1.47% ▼**
- Korea **-1.22% ▼**
- Singapore **-0.20% ▼**



Australia +0.09% ▲

India -2.12% ▼

Taiwan +0.75% ▲

Europe

Stoxx 50 -0.40% ▼

Stoxx 600 -0.49% ▼

FTSE 100 +0.35% ▲

DAX -0.37% ▼

CAC 40 -0.59% ▼

Italy -0.49% ▼

IBEX +0.37% ▲

FX

Dollar Index (DXY) +0.16% ▲ to 101.84

EUR/USD -0.06% ▼ to 1.1038

GBP/USD -1.25% ▼ to 1.3102

USD/JPY -0.18% ▼ to 146.73

USD/CNY -0.11% ▼ to 7.0187

USD/CNH -0.13% ▼ to 7.0454

USD/CHF -0.07% ▼ to 0.8503

USD/CAD -0.28% ▼ to 1.3540

AUD/USD -0.58% ▼ to 0.6845

UST Term Structure

2Y-3 ▼M Spread widened 2.2bps to -93.4bps ▼

10Y-2 ▼Y Spread widened 0.6bps to 14.2bps

30Y-10 ▼Y Spread narrowed -0.4bps ▼ to 34.1bps

Yesterday's Recap



SPX +0.01% ▲
SPX Eq Wt -0.11% ▼
NASDAQ 100 +0.15% ▲
NASDAQ Comp +0.08% ▲
Russell Midcap -0.00% ▼
R2k -0.09% ▼
R1k Value -0.05% ▼
R1k Growth +0.07% ▲
R2k Value -0.30% ▼
R2k Growth +0.11% ▲
FANG+ +0.54% ▲
Semis +1.44% ▲
Software +0.85% ▲
Biotech +0.12% ▲
Regional Banks -0.22% ▼ SPX GICS1 Sorted: Cons Staples -0.78% ▼
Cons Disc -0.78% ▼
Comm Srvcs -0.44% ▼
REITs -0.37% ▼
Materials -0.33% ▼
Healthcare -0.20% ▼
Indu -0.20% ▼
SPX +0.01% ▲
Utes +0.05% ▲
Fin +0.10% ▲
Tech +0.59% ▲
Energy +1.12% ▲

USD HY OaS

All Sectors -1.1bps ▼ to 354bps
All Sectors ex-Energy -0.8bps ▼ 328bps
Cons Disc -1.9bps ▼ 311bps
Indu -0.3bps ▼ 255bps



Tech **-1.1bps** ▼ 354bps
 Comm Svcs **-1.1bps** ▼ 571bps
 Materials **-0.6bps** ▼ 322bps
 Energy **-2.4bps** ▼ 329bps
 Fin Snr **-0.7bps** ▼ 314bps
 Fin Sub **+0.2bps** ▲ 226bps
 Cons Staples **-0.1bps** ▼ 325bps
 Healthcare **-0.7bps** ▼ 374bps
 Utes **-0.4bps** ▼ 222bps *

| DATE | TIME | DESCRIPTION | ESTIMATE | LAST |
|------|----------|--------------------------|----------|---------|
| 10/3 | 9:45 AM | Sep F S&P Srvcs PMI | 55.4 | 55.4 |
| 10/3 | 10:00 AM | Sep ISM Srvcs PMI | 51.7 | 51.5 |
| 10/3 | 10:00 AM | Aug F Durable Gds Orders | 0 | 0 |
| 10/4 | 8:30 AM | Sep AHE m/m | 0.3 | 0.4 |
| 10/4 | 8:30 AM | Sep Unemployment Rate | 4.2 | 4.2 |
| 10/4 | 8:30 AM | Sep Non-farm Payrolls | 150 | 142 |
| 10/8 | 6:00 AM | Sep Small Biz Optimisum | n/a | 91.2 |
| 10/8 | 8:30 AM | Aug Trade Balance | -72.5 | -78.791 |
| 10/9 | 2:00 PM | Sep 18 FOMC Minutes | n/a | 0 |
| 10/9 | 2:00 PM | Sep 18 FOMC Minutes | n/a | 0 |

MORNING INSIGHT

Good morning!



We are watching the VIX to get a sense when the “iffy October” period might end, both VIX falling below 17 and VIX term structure “uninverting.” Also, we expect a positive response from markets to the stronger-than-expected numbers in today’s September jobs report.

Click [HERE](#) for more.

TECHNICAL

- Short-term consolidation likely complete by end of week.
- Consumer Discretionary has broken out vs. Consumer Staples which signals “Risk-on”.
- Software ETF (\$IGV) should be watched carefully for signs of a coming breakout.

Click [HERE](#) for more.

CRYPTO

In our view, this week’s negative catalysts have now been priced in, and we believe the risk outlook now skews to the upside. CME annualized basis dropping below 6% marks a potential tradable market bottom.

Click [HERE](#) for more.

First News

The fast-fashion retail giant Shein burst onto the scene several years ago, capturing the hearts, minds, and wallets of younger consumers with its wide range of trendy clothing selling at barely believable prices – many items selling for under \$10. This so-called “fast fashion” was meant to be quickly (and cheaply) produced, and just as quickly discarded when it either fell apart or the next fad emerged – whichever came first. Gen Z customers might have found it fun, but environmental advocates criticized fast fashion for the [environmental impact](#) of all those discarded clothes. Luxury brands, already angry at Shein’s alleged [plagiarizing of their designs and theft of their intellectual property](#), were quick to chime in, touting their products as higher quality, meant to last – and therefore, more environmentally responsible. Likely to their chagrin, a study by the University of Leeds suggests that high-priced luxury clothing [does not tend to be more durable](#) than fast-fashion analogs.

Amidst plans for an IPO – the company has reportedly filed to go public in London after meeting resistance for a US listing – Shein has quickly become a lightning rod for criticism. Advocacy groups denounced the company and its suppliers over purportedly unethical labor practices, while news outlets reported on claims that its clothes were made with dangerous or toxic materials.

Governments around the world have taken notice. The Biden administration on September 23 announced it would close an import loophole from which Shein benefited – the so-called “de minimis exemption,” which exempts packages from abroad with a declared value of less than \$800 from duties and certain paperwork requirements. The White House, with bipartisan support, cited concerns that it was also making it easier for Chinese e-commerce companies like Shein to avoid complying with “U.S. trade laws, health and safety requirements, intellectual property rights, [and] consumer protection rules.” Just two days later, Italy’s Competition Authority (*Autorità Garante della Concorrenza e del Mercato*) announced that it had [opened an investigation](#) into whether Shein was making misleading claims about the sustainability of its business practices.



There are few shuttered reactors that can be feasibly restarted in the way Holtec and Microsoft/Constellation are hoping to do. For building new plants and bringing them online, shuttered coal plants, as well as operational coal plants slated for closure, could serve as the site for new nuclear reactors. These come with the advantage of already having transmission and infrastructure in place, resulting in significant cost savings of as much as 35%. The Department of Energy lists [27 shuttered coal plants](#) and [29 coal plants slated for closure](#) within the next five years that could potentially be repurposed in this way. ([VRG](#), [FT](#), [WSJ](#), [CNBC](#))

Disclosures

This research is for the clients of FS Insight only. FSI Subscription entitles the subscriber to 1 user, research cannot be shared or redistributed. For additional information, please contact your sales representative or FS Insight at fsinsight.com.

Conflicts of Interest

This research contains the views, opinions and recommendations of FS Insight. At the time of publication of this report, FS Insight does not know of, or have reason to know of any material conflicts of interest.

General Disclosures

FS Insight is an independent research company and is not a registered investment advisor and is not acting as a broker dealer under any federal or state securities laws.

FS Insight is a member of IRC Securities' Research Prime Services Platform. IRC Securities is a FINRA registered broker-dealer that is focused on supporting the independent research industry. Certain personnel of FS Insight (i.e. Research Analysts) are registered representatives of IRC Securities, a FINRA member firm registered as a broker-dealer with the Securities and Exchange Commission and certain state securities regulators. As registered representatives and independent contractors of IRC Securities, such personnel may receive commissions paid to or shared with IRC Securities for transactions placed by FS Insight clients directly with IRC Securities or with securities firms that may share commissions with IRC Securities in accordance with applicable SEC and FINRA requirements. IRC Securities does not distribute the research of FS Insight, which is available to select institutional clients that have engaged FS Insight.

As registered representatives of IRC Securities our analysts must follow IRC Securities' Written Supervisory Procedures. Notable compliance policies include (1) prohibition of insider trading or the facilitation thereof, (2) maintaining client confidentiality, (3) archival of electronic communications, and (4) appropriate use of electronic communications, amongst other compliance related policies.

FS Insight does not have the same conflicts that traditional sell-side research organizations have because FS Insight (1) does not conduct any investment banking activities, and (2) does not manage any investment funds.

This communication is issued by FS Insight and/or affiliates of FS Insight. This is not a personal recommendation, nor an offer to buy or sell nor a solicitation to buy or sell any securities, investment products or other financial instruments or services. This material is distributed for general informational and educational purposes only and is not intended to constitute legal, tax, accounting or investment advice. The statements in this document shall not be considered as an objective or independent explanation of the matters. Please note that this document (a) has not been prepared in accordance with legal requirements designed to promote the independence of investment research, and (b) is not subject



to any prohibition on dealing ahead of the dissemination or publication of investment research. Intended for recipient only and not for further distribution without the consent of FS Insight.

This research is for the clients of FS Insight only. Additional information is available upon request. Information has been obtained from sources believed to be reliable, but FS Insight does not warrant its completeness or accuracy except with respect to any disclosures relative to FS Insight and the analyst's involvement (if any) with any of the subject companies of the research. All pricing is as of the market close for the securities discussed, unless otherwise stated. Opinions and estimates constitute our judgment as of the date of this material and are subject to change without notice. Past performance is not indicative of future results. This material is not intended as an offer or solicitation for the purchase or sale of any financial instrument. The opinions and recommendations herein do not take into account individual client circumstances, risk tolerance, objectives, or needs and are not intended as recommendations of particular securities, financial instruments or strategies. The recipient of this report must make its own independent decision regarding any securities or financial instruments mentioned herein. Except in circumstances where FS Insight expressly agrees otherwise in writing, FS Insight is not acting as a municipal advisor and the opinions or views contained herein are not intended to be, and do not constitute, advice, including within the meaning of Section 15B of the Securities Exchange Act of 1934. All research reports are disseminated and available to all clients simultaneously through electronic publication to our internal client website, fsinsight.com. Not all research content is redistributed to our clients or made available to third-party aggregators or the media. Please contact your sales representative if you would like to receive any of our research publications.

Copyright © 2024 FS Insight LLC. All rights reserved. No part of this material may be reprinted, sold or redistributed without the prior written consent of FS Insight LLC.