

■ First to Market

November 13, 2024

Outlook Remains Positive, Markets Take Breather

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

"If you have an idea that you think is genuinely good, don't let some idiot talk you out of it." — Stan Lee

Overnight

October inflation data meets forecasts, keeping Fed on track for December rate cut [YF](#)

Málaga evacuates thousands as Spain issues more flood alerts [BBC](#)

Trump says Musk and Ramaswamy will head 'Dept. of Government Efficiency' [NYT](#)

VW launches \$5.8bn tie-up with Tesla rival Rivian [BBC](#)

Canada's Labor Minister ends coast-to-coast port labor turmoil, forcing unions back to work [CNBC](#)

Fintech Klarna files for IPO in US [FT](#)

Elliott calls for breakup of Honeywell – one of the last conglomerates [WSJ](#)

7-Eleven starts talks with ACT on \$47bn takeover bid as 'white knight' emerges [FT](#)

Saudi Arabian megacity Neom replaces its CEO [SEM](#)

Super Micro needs a new auditor by this weekend, and options are limited. [BAR](#)



Just Eat sells Grubhub at 90% discount to pandemic peak [BBG](#)

Justice Department sues to block UnitedHealth's \$3.3 billion bid for Amedisys [WSJ](#)

DirecTV says Dish purchase is off [CNBC](#)

Archbishop of Canterbury resigns over Church abuse scandal [BBC](#)

Bali flights canceled due to dangerous volcanic ash [BBC](#)

Syphilis cases see first substantial decline in 20 years: Federal data [HILL](#)

Chart of the Day



CPI: "Stubborn" is Auto insurance + Shelter

	Core CPI Expenditure Category	Weight (%)	Current YoY (%)	Current YoY Less 20Y CAGR (%)	CTG to Delta (%)
A	Core CPI	100	3.3	1.31	1.31
	Core Goods	23.1	-1.0	-0.92	-0.24
B	Core Services	76.9	4.7	1.98	1.46
C = A less B					
	<i>Shelter + Auto Insurance</i>				
	Shelter	45.8	4.9	2.14	0.94
	Auto Insurance	3.7	16.3	12.19	0.42
	TOTAL Shelter and Auto Insurance	49.5	5.7	2.89	1.37
	Recreation services	4.1	2.0	0.12	0.00
	Internet services	1.2	-1.0	2.0	3.00
	Personal care services	0.8	2.2	2.46	0.02
	Postage and delivery services	0.1	1.9	1.9	0.00
	Motor vehicle fees	0.7	0.2	0.2	0.00
	Tuition, other school fees, and childcare	3.0	-0.9	-0.9	0.00
	Professional services	4.5	2.6	2.3	-0.2
	Leased cars and trucks	0.6	-0.9	1.4	2.2
	Telephone services	1.9	-0.5	0.4	0.96
	Public transportation	1.3	1.1	0.6	-0.51
	Car and truck rental	0.2	1.1	-6.8	-7.90
	Health insurance	0.7	3.8	7.5	3.65

High but cooling

1.37 of excess inflation

Source: Fundstrat, BLS

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Overnight

S&P Futures -9 ▼ point(s) (-0.2% ▼)
Overnight range: -20 ▼ to +0 ▲ point(s)

APAC

- Nikkei -1.66% ▼
- Topix -1.21% ▼
- China SHCOMP +0.51% ▲
- Hang Seng -0.12% ▼
- Korea -2.64% ▼



Singapore +0.24% ▲

Australia -0.75% ▼

India -1.36% ▼

Taiwan -0.53% ▼

Europe

Stoxx 50 +0.08% ▲

Stoxx 600 -0.07% ▼

FTSE 100 +0.08% ▲

DAX +0.2% ▲

CAC 40 +0.09% ▲

Italy +0.4% ▲

IBEX +0.35% ▲

FX

Dollar Index (DXY) +0.02% ▲ to 106.04

EUR/USD -0.08% ▼ to 1.0614

GBP/USD -0.08% ▼ to 1.2738

USD/JPY +0.23% ▲ to 154.96

USD/CNY -0.32% ▼ to 7.2118

USD/CNH -0.28% ▼ to 7.223

USD/CHF +0.18% ▲ to 0.8833

USD/CAD +0.11% ▲ to 1.3959

AUD/USD -0.12% ▼ to 0.6525

Crypto

BTC -1.01% ▼ to 87426.1

ETH -3.74% ▼ to 3158.09

XRP -7.24% ▼ to 0.6711

Cardano -7.69% ▼ to 0.5342



Solana **-2.29%** ▼ to 206.99
Avalanche **-5.62%** ▼ to 32.05
Dogecoin **+2.15%** ▲ to 0.3857
Chainlink **-5.36%** ▼ to 13.36

Commodities and Others

VIX **+2.52%** ▲ to 15.08
WTI Crude **+0.73%** ▲ to 68.62
Brent Crude **+0.72%** ▲ to 72.41
Nat Gas **-1.2%** ▼ to 2.87
RBOB Gas **+0.74%** ▲ to 1.979
Heating Oil **+0.81%** ▲ to 2.229
Gold **+0.44%** ▲ to 2609.92
Silver **+0.66%** ▲ to 30.92
Copper **-0.15%** ▼ to 4.131

US Treasuries

1M **-2.4bps** ▼ to 4.5544%
3M **-0.4bps** ▼ to 4.5242%
6M **-1.0bps** ▼ to 4.4593%
12M **-0.8bps** ▼ to 4.3503%
2Y **+0.2bps** ▲ to 4.3425%
5Y **-0.7bps** ▼ to 4.3065%
7Y **-0.8bps** ▼ to 4.3691%
10Y **-1.2bps** ▼ to 4.4157%
20Y **-1.7bps** ▼ to 4.6723%
30Y **-1.2bps** ▼ to 4.5557%

UST Term Structure

2Y-3 ▼M Spread narrowed 0.4bps to **-20.5** ▼ bps



10Y-2 ▼Y Spread narrowed 1.4bps to 6.9 bps
30Y-10 ▼Y Spread widened 0.0bps to 13.8 bps

Yesterday's Recap

- SPX -0.29% ▼
- SPX Eq Wt -0.76% ▼
- NASDAQ 100 -0.17% ▼
- NASDAQ Comp -0.09% ▼
- Russell Midcap -0.72% ▼
- R2k -1.77% ▼
- R1k Value -0.74% ▼
- R1k Growth +0.06% ▲
- R2k Value -1.78% ▼
- R2k Growth -1.76% ▼
- FANG+ +0.73% ▲
- Semis -0.66% ▼
- Software +0.48% ▲
- Biotech -2.92% ▼
- Regional Banks -0.58% ▼ SPX GICS1 Sorted: Comm Srvcs +0.51% ▲
- Tech +0.45% ▲
- Cons Staples +0.09% ▲
- SPX -0.29% ▼
- Fin -0.32% ▼
- Energy -0.46% ▼
- Indu -0.87% ▼
- Cons Disc -1.1% ▼
- Utes -1.13% ▼
- REITs -1.29% ▼
- Healthcare -1.34% ▼
- Materials -1.57% ▼

USD HY OaS



All Sectors **+1.5bp ▲** to 304bp
 All Sectors ex-Energy **+0.8bp ▲** to 286bp
 Cons Disc **+3.4bp ▲** to 248bp
 Indu **+2.3bp ▲** to 231bp
 Tech **+0.6bp ▲** to 315bp
 Comm Srvcs **-2.2bp ▼** to 504bp
 Materials **+0.1bp ▲** to 284bp
 Energy **+1.1bp ▲** to 290bp
 Fin Snr **-0.0bp ▼** to 269bp
 Fin Sub **-0.4bp ▼** to 192bp
 Cons Staples **-1.2bp ▼** to 285bp
 Healthcare **+1.5bp ▲** to 335bp
 Utes **+3.9bp ▲** to 201bp *

DATE	TIME	DESCRIPTION	ESTIMATE	LAST
11/13	8:30AM	Oct CPI m/m	0.2	0.2
11/13	8:30AM	Oct Core CPI m/m	0.3	0.3
11/13	8:30AM	Oct CPI y/y	2.6	2.4
11/13	8:30AM	Oct Core CPI y/y	3.3	3.3
11/14	8:30AM	Oct PPI m/m	0.2	0.0
11/14	8:30AM	Oct Core PPI m/m	0.2	0.2
11/15	8:30AM	Oct Import Price m/m	-0.1	-0.4
11/15	8:30AM	Oct Retail Sales m/m	0.3	0.4
11/18	10AM	Nov Homebuilder Sentiment	44.0	43.0
11/18	4PM	Sep Net TIC Flows	n/a	79.157

MORNING INSIGHT



Good morning!

Equities took a healthy breather Tuesday with S&P 500 down modestly and small-caps down nearly 2%. In our view, the positive outlook remains intact.

Click [HERE](#) for more.

TECHNICAL

- SPX stalls near channel resistance at 6000 as Technology underperforms.
- Junk spreads have compressed to near record lows in the past few weeks.
- Financial sector ETF has broken out vs. SPX in Equal-weighted terms which is positive.

Click [HERE](#) for more.

CRYPTO

Recent ETH-related data has been encouraging. Meanwhile, recent price action suggests that people have started to adjust their weighting based on the probability of a strategic Bitcoin reserve.

Click [HERE](#) for more.

First News

The Zhuhai Air Show opened yesterday in China's Guangdong province and will run until November 17. In addition to being a major sales and networking event for the international aviation industry, the show is also where Chinese aerospace companies showcase their latest capabilities and innovations in both the civilian and military sectors.

It was China's latest military advances that took center stage at the show's opening this year, with the host country trying to demonstrate that its efforts to modernize its military – previously distinguished by its sheer size (2,035,000 active-duty personnel, compared to 1,290,000 in the U.S.) are paying off. The country has dramatically increased defense spending in the past decade (though China's defense budget is still far smaller than the U.S.'s), and on Monday, news outlets reported that China is making [significant advances](#) in its quest to build a nuclear-powered aircraft carrier. (A nuclear-powered carrier would give China the means to project naval power anywhere in the world, as it can run for years without refueling. Currently, only the U.S. and France have nuclear-powered carriers.)

But the Zhuhai event is China's chance to show that U.S. dominance in the skies – a military truism since the end of World War II – might be on the wane. Highlighting China's presentation was an aerial demonstration of its second stealth fighter, the J-35A. China also showcased an improved [Z-20 attack helicopter](#) reportedly well-suited for protecting ships from enemy submarines, the HQ-19 ballistic missile defense system, and a range of unmanned combat drones, including the latest "[loyal wingman](#)" drones.

These demonstrations tend to be more about flash and awe than about demonstrating actual combat capabilities. There's no doubt, for example, that the J-35A can fly, but other than a physical resemblance to its U.S. counterpart, Lockheed Martin's F-35, observers could glean little else about the jet. (The insides of the J-35A likely resemble the F-35 as well, due to [stolen F-35 technologies](#).)

Yet perhaps that is irrelevant to many in the Zhuhai audience. In addition to sending a message about its ambitions for regional dominance, China arguably hoped to demonstrate to nations in the so-called "global south" that if they are unhappy with U.S. dominance, China has what it takes to be a viable security partner or ally. If some of those nations end up considering purchases of Chinese military tech for themselves – what with Russian defense contractors struggling to keep up with domestic demand due to the war in Ukraine, so much the better. ([RT](#), [VOA](#))

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