

NY Open - Better than expected

By Varshi Karamsetty



CitiFX Wire | Wire Opens

Quiet session overnight as markets wait for the ECB decision and US data. JGB 30y auction was weak, though didn't extend into global FI markets. Metals were in focus - Silver traded to 13y highs and the technical picture is supportive. Gold also traded towards \$3400. Overnight data was largely overlooked - SEK inflation came slightly under consensus, German factory orders beat. Trump is meeting German Chancellor Merz at 11:30 EDT - trade and tariffs will likely be discussed, after Greer/Sefcovic talks were "constructive".

A 25bps cut is a done deal for the ECB meeting at 08:15 EDT, and guidance will likely remain cautious given tariff uncertainties. Expect staff forecasts to be revised lower for both inflation and growth. The trend in US weekly jobless claims will be monitored ahead of the May NFP print at 08:30, a print above 260k in initial jobless will be concerning. In EM, we watch BRL trade balance, MXN economist survey.

Tune into ECB Live at 10:30 EDT. Join our senior European economist and cross-asset experts as they provide their first takes shortly after the decision and Lagarde's press conference. We'll also offer thoughts on other market developments. [Add to Calendar](#) | [Livestream link](#)

JUN 05

ECB Live
DESK REACTION

LONDON: 3:30 pm
NEW YORK: 10:30 am

Giada Giani
Senior European Economist

Varshi Karamsetty
CitiFX Wire

Jean-Baptiste Topin
EUR Rates Trader

Beata Manthey
Head of European Equity Strategy

CitiVELOCITY

[Follow CitiFX Wire](#) for live updates of macro market developments.

Navigate: [Best of Wire](#) | [In Focus](#) | [Elsewhere](#) | [Charts](#)

[June ECB expectations and trades](#)

[DeskTalk - RBI is a risk, but stay long INR](#)

[CitiFX Techs - US rates: A test of support](#)

[DeskTalk - Weak 30y Japan bond sale sees limited impact](#)

In Focus

USD traded in tight ranges overnight. Weak data so far this week has offered fuel for USD bears. After soft jobless claims last week, this data print will be the focal point today. Should initial jobless claims prints above 260k, it would be a more concerning signal. For now, expect a 244k print for initial jobless, and continuing broadly unchanged at 1918k ([Citi e.](#)). Trade Balance prints simultaneously, Fed's Kugler (12:00 EDT) and Harker (13:30) speak in the background.

USTs drifted overnight. We continue to hold near key levels, though these could be tested should data print soft (NFP will be most important). My colleague Naveen flags 2y yield support at 3.75%, followed by 3.62%, with 10y yield support at 4.34%. Go deeper in [CitiFX Techs - US rates: A test of support](#).

EUR trades steady into the June ECB meeting. A dovish outcome could weigh on EUR, though expectations for an "as expected" outcome. Markets have fully priced a -25bps cut for the June decision at 08:15 EDT. June forecasts, and guidance from President Lagarde's press conference at 08:45 will be closely watched. Our economists expect ECB staff inflation projections for 2026 and 2027 below 2% (former at 1.7%, but see risks of 1.5%). STIRT [thinks](#) that risks are now skewed towards a more dovish repricing of the curve. Barring a strongly dovish tone, EURUSD could enter topside ranges towards 1.1455/60, 1.1570/75. First support at 1.1340. Full Citi [ECB Preview](#).

Elsewhere, Germany factory orders came in at 0.6% MoM vs -1.5% consensus. Our experts note the March number was largely seen as evidence of frontloading ahead of US tariffs, further reiterated by today's data.

Trump is meeting Germany Chancellor Merz from 11:30 EDT, with a meeting organized from 11:45. EU Trade Commissioner Maros Sefcovic said on Wednesday that he "had constructive talks with US Trade Representative (USTR) Jamieson Greer", though limited information otherwise.

SEK: SEK CPIF came in under consensus expectations at 2.3% YoY (vs 2.5% consensus. CPIF excluding energy came in at 2.5% YoY vs 2.6% consensus. SEK is little changed on the back of this print, with markets already expecting a cut in June.

Silver has broken above the \$35 handle sharply, highest since 2012. My colleague Naveen explains that the technical picture is very bullish - if we close above at 34.90-35.00 (October 2024 high, double bottom neckline, psychological level) on a weekly basis, we would initiate a bullish double bottom formation with a indicated target of ~40.43, close to the 76.4% pullback of the 2011 highs.

Elsewhere

BRL: Trade Balance Monthly at 14:00 EDT for May should not be market-moving. Bloomberg consensus expects USD 8100mn in May vs USD 8153mn prior.

MXN: Citi Survey of Economists. The range of 2025 YE policy rate expectations is worth watching. Remember that Citi revised down its 2025 YE rate forecast to 7.75% from 8.00% after Banxico's recent Minutes, inflation report.

UAH: Key Rate decision up shortly at 07:00 EDT. Bloomberg consensus expects a rate hold at 15.50%.

CNH: Citi Economics [writes](#) that the Chinese government seems to be looking at services exports as an offset to the tariff headwinds for goods exports. Policymakers have rolled out tranches of policies to support inbound travel. They estimate inbound travel revenue can grow ~30%YoY and contribute 0.15ppt to GDP growth this year, benefiting services employment. That said, it could offer little help to the entrenched deflation problem.

TRY: USDTRY carry mania is in full force, notes our trade Anguel. The lower inflation print earlier in the week has invited more clients to look for carry trade structures. The summer months are generally better for the finances of the country with all

the tourist revenue. It is not surprising that client carry trades are mostly focused on the 2m to 3m expiry. We also note [headlines](#) that Turkey removes 5 opposition mayors from office.

ILS: Geopolitics drove a move lower overnight - our trader flagged that this hance resulted in good demand for downside gamma on Wednesday. There were some existing long ILS positions already but clients had used this as an opportunity to add. The meeting today between Netanyahu and Edelstein will be closely watched.

THB: Up 0.5%, finding a tailwind from an upturn in gold, as well as weak US data on Wednesday. Our trader notes flows still notably better USDTHB buying interest from offshore names, where we also observed net outflows from local bonds. Still very much a range play for USDTHB between 32.45-32.85 until US NFP data.

TWD: CPI YoY missed at 1.55% vs 1.8% consensus.

PHP: May CPI came to 1.3% YoY, in line with consensus expectations, and vs 1.4% in April.

Charts

Chart of the Day

Silver technicals (courtesy of Naveen Nair): we close above at 34.90-35.00 (October 2024 high, double bottom neckline, psychological level) on a weekly basis, we would initiate a bullish double bottom formation with a indicated target of ~40.43, close to the 76.4% pullback of the 2011 highs.



Source: Citi, Bloomberg

(Click image to enlarge)

London Ranges

11:17 BST	CURRENT	OPEN	HIGH	LOW	1D CHANGE
FX					
EURUSD	1.1428	1.1417	1.1435	1.1405	0.10%
USDJPY	143.16	142.77	143.40	142.53	0.27%
USDKRW	1358.50	1364.50	1364.50	1355.70	-0.47%
USDCLP	937.05	937.70	939.38	935.20	-0.44%
Equities					
S&P Futures	5985.75	5974.25	5996.5	5972.25	0.08%
Nasdaq Futures	21786.5	21744.75	21842.75	21723	0.09%
KOSPI	2812.05	2790.33	2831.11	2787.76	1.49%
HSI Index	23907.0	23828.7	23911.1	23732.3	1.07%
CAC 40	7846.5	7811.2	7847.0	7809.0	0.54%
Fixed Income					
10y UST	4.3532	4.3552	4.3768	4.3434	0.2bp
2s10s UST	47.027	48.456	49.193	46.428	-1.6bp
10y BTP	3.446	3.479	3.492	3.435	-4.6bp
10y Bund	2.492	2.522	2.533	2.482	-3.6bp
10y Gilt	4.592	4.61	4.617	4.567	-1.4bp
Commodities					
Brent	65.09	64.77	65.25	64.60	0.35%
WTI	63.04	62.76	63.16	62.50	0.30%
Silver	35.59	34.50	35.81	34.43	3.15%
EU Nat Gas (TTF)	36.53	35.87	36.55	35.68	2.47%
Credit					
iTraxx Main	56.45	56.91	56.96	56.36	-0.34%
iTraxx Xover	293.64	295.61	295.61	293.33	-0.41%
Markit IG CDX	55.16	54.83	55.27	54.59	0.0bp
Markit IG HY	106.38	106.44	106.51	106.34	0.0bp
iTraxx Japan	62.50	62.12	62.55	62.12	0.3bp
*CLOSED markets					

Source: Citi, Bloomberg

(Click image to enlarge)

Major Releases Ahead

COUNTRY	BST	PERIOD	EVENT	SURVEY	HIGH	LOW	PRIOR
Eurozone	13:15		ECB Deposit Facility Rate	--	--	--	2.25%
Eurozone	13:15		ECB Main Refinancing Rate	--	--	--	2.40%
Eurozone	13:15		ECB Marginal Lending Facility	--	--	--	2.65%
United States	13:30	April	Trade Balance	-\$117.3b	-\$88.0b	-\$133.5b	-\$140.5b
United States	13:30		Initial Jobless Claims	--	--	--	240k
United States	13:30		Initial Claims 4-Wk Moving Avg	--	--	--	230.75k
Eurozone	13:45		ECB President Christine Lagarde Holds Press Conference				
United States	17:00		Fed's Kugler Speaks on Economic Outlook, Policy				
United States	18:30		Fed's Harker Speaks on Economic Outlook				
Ukraine	12:00		Key Rate	--	--	--	15.50%
Brazil	19:00	May	Trade Balance Monthly	--	--	--	\$8153m
Argentina	20:00	April	Industrial Production YoY	--	--	--	5.20%
Argentina			Central Bank Survey				
Mexico			Citi Survey of Economists				

Source: Bloomberg

(Click image to enlarge)

Contact: CitiFXWire@citi.com

Contact: CitiFXWire@citi.com

*The information in this communication, including any trade or strategy ideas, is provided by individual sales and/or trading personnel of Citi and not by Citi's research department and therefore the directives on the independence of research do not apply. © 2024 Citigroup Inc. All rights reserved. CITI and Arc Design is a registered service mark of Citigroup Inc. **Full disclaimers for [NAM](#), [EMEA](#) and [APAC](#)***