

12 October 2021

US markets close lower again on surging oil prices and stagflation fears

- Global markets.** It was a volatile and weak session overnight – particularly in the US – where stocks opened the session modestly lower, spiked sharply throughout the morning (to see the Dow up by nearly 200 points at one stage), before an afternoon sell-off saw all three major US indices closing deep in the red – off ~0.6%-0.7% each and all near the lows of the day. European markets ended the day ~flat.
- Oil closes over \$80.** The surge in energy prices continued again overnight – this time with **WTI crude** hitting \$82/bbl at one point, before finishing the day just above \$80/bbl, for the first time since 2014.
- In company news,** the rise in oil prices did little for **energy** names, with the sector amongst 8 of the 11 S&P sub-sectors closing in the red. While **airlines** were mixed on the outlook for rising input costs – with low-cost carriers like **Southwest** and **Spirit** down sharply, while the legacy airlines were mostly higher.
- In other markets,** the **USD** rose alongside the price of oil – up by 0.3% against a basket of currencies – while the **AUD** was stronger still – rising by 0.5% against the USD and by >1% against some other key currencies including the **Yen**. Amongst non-energy **commodities**, the price of **gold**, **silver** and **uranium** were all lower, while **tin** managed to rise very slightly. And finally, the **VIX Index** popped 7% on account of the day's volatility, while **US bond markets** were closed for the Columbus Day Holiday.
- Futures point lower.** Unsurprisingly, following the weak lead from Wall Street, it appears local stocks will begin the day comfortably lower once again – with ASX futures currently down by 27 points, or ~0.4% at the time of writing.
- In economic news,** it will be a quiet day, with just UK unemployment figures and Eurozone and German economic sentiment readings due. Unemployment in the UK is forecast to move lower – to 4.5% from 4.6% in September.

World Indices	Close	Prior	% Δ
---------------	-------	-------	-----

Local Markets

All Ordinaries	7,601.1	7,617.3	-0.2%
ASX 200	7,299.8	7,320.1	-0.3%
ASX Emerging Companies	2,550.7	2,544.9	0.2%

US Markets

Dow Jones	34,496.1	34,746.3	-0.7%
S&P500	4,361.2	4,391.3	-0.7%
Nasdaq	14,486.2	14,579.5	-0.6%
Russell 2000	2,220.6	2,233.1	-0.6%

Asian & European Markets

Shanghai Composite	3,591.7	3,592.2	0.0%
Nikkei	28,498.2	28,048.9	1.6%
Hang Seng	25,325.1	24,837.9	2.0%
FTSE 100	7,146.9	7,095.6	0.7%
DAX 30	15,199.1	15,206.1	0.0%
CAC 40	6,570.5	6,560.0	0.2%

Economic Releases	Time	F'cast	Prior
-------------------	------	--------	-------

UK Unemployment Rate	17:00	4.5%	4.6%
Eurozone Econ. Sentiment	20:00		31.1
German Econ. Sentiment	20:00	24.0	26.5

Key BW Names	Close	Prior	% Δ
--------------	-------	-------	-----

Paladin Energy	0.735	0.700	5.0%
Next Green Wave	0.440	0.430	2.3%
Dubber Corporation	3.260	3.200	1.9%
Selfwealth	0.375	0.370	1.4%

Commodities	Close	Prior	% Δ
-------------	-------	-------	-----

Oil - West Texas Crude	80.48	79.35	1.4%
Gold	1,754.1	1,757.5	-0.2%
Gold (Aus)	2,388.2	2,404.9	-0.7%
Silver	22.58	22.67	-0.4%
Uranium (Spot)	37.25	37.75	-1.3%
Tin (Futures)	36,313	36,193	0.3%

Currency	Close	Prior	% Δ
----------	-------	-------	-----

DXY Index	94.38	94.10	0.3%
AUD/USD	0.7345	0.7308	0.5%
AUD/GBP	0.5404	0.5366	0.7%
AUD/EUR	0.6358	0.6315	0.7%
AUD/YEN	83.25	82.01	1.5%
AUD/NZD	1.0591	1.0556	0.3%
AUD/CAD	0.9170	0.9118	0.6%

Other Markets	Close	Prior	% Δ
---------------	-------	-------	-----

VIX Index	20.00	18.77	6.6%
2-Year Treasury Yield (%)	0.314	0.314	0.0%
10-Year Treasury Yield (%)	1.613	1.613	0.0%