

17 December 2021

Rotation from growth to value names overnight sees markets end lower

- Global markets.** After a strong post-FOMC rally on Thursday, market's took a breather last night, with all major US indices ending lower for the session – though the weakness was very concentrated in tech and small cap names. The day's worst performing index was thus the tech-heavy Nasdaq, which gave up 2.5%, closing just off the lows of the day, while the Russell 2000 lost 1.8%, S&P 500 0.9% and industrial-heavy Dow Jones ended only slightly down, giving back 30 points for the session.
- Growth → value rotation.** Last night's moves saw just three of the S&P 500's 11 sectors end lower, although given one of those was tech, it was enough to drag the entire market lower. For the day, **tech** and **consumer discretionary** names each lost >2%, while at the other end of the spectrum, growth segments of the market, including **energy**, **financials** and **materials** rose by between ~0.6% - 1.2%. Amongst key stocks, **Tesla** fell by another 5% and is ~25% off its recent peak, while **Apple**, **Microsoft**, **Atlassian** and **Amazon** all lost 3% - 4% for the session.
- In other markets,** it was a good night for **commodities** on the abovementioned growth → value rotation, with **precious** metals higher by 1% - 2%, **tin** jumping 2%, **copper** up 3%, **oil** 1% higher and **spot uranium** also adding 1% for the day. Elsewhere the **USD** was lower against a basket of currencies, as was the **AUD**, the **VIX Index** gained 7% on account of the day's equity market volatility and **bond yields** were lower along the curve, with the 10-year closing at just 1.43%.
- Futures higher.** Despite the sell-off on Wall Street overnight, it appears local stocks will open higher when trading commences this morning – with ASX futures currently up by 23 points, or ~0.3%.
- Strong jobs data.** In economics yesterday, the major story was a blow-out jobs report locally, with 366k jobs added for November (against forecasts for 205k), while Australia's unemployment rate ticked sharply lower, to 4.6%, well above expectations for 5.0% and well below last month's 5.2% reading.

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

Local Markets

All Ordinaries	7,618.5	7,636.2	-0.2%
ASX 200	7,295.7	7,327.1	-0.4%
ASX Emerging Companies	2,575.4	2,554.1	0.8%

US Markets

Dow Jones	35,897.6	35,927.4	-0.1%
S&P500	4,668.7	4,709.9	-0.9%
Nasdaq	15,180.4	15,565.6	-2.5%
Russell 2000	2,155.8	2,195.2	-1.8%

Asian & European Markets

Shanghai Composite	3,675.0	3,647.6	0.8%
Nikkei	29,066.3	28,459.7	2.1%
Hang Seng	23,475.5	23,420.8	0.2%
FTSE 100	7,260.6	7,170.8	1.3%
DAX 30	15,636.4	15,476.4	1.0%
CAC 40	7,005.1	6,927.6	1.1%

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

BOJ Rate Decision	14:00	-0.1%	-0.1%
German Business Climate	20:00	95.3	96.5
Eurozone Core Inflation	21:00	2.6%	2.0%

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

Paladin Energy	0.840	0.755	11.3%
Lotus Resources	0.305	0.285	7.0%
Family Zone Cyber Security	0.580	0.545	6.4%
LiveHire	0.330	0.325	1.5%

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

Oil - West Texas Crude	72.03	71.56	0.7%
Gold	1,798.7	1,778.3	1.1%
Gold (Aus)	2,504.1	2,479.2	1.0%
Silver	22.46	22.06	1.8%
Uranium (Spot)	43.25	43.00	0.6%
Tin (Futures)	38,995	38,153	2.2%

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

DXY Index	95.98	96.34	-0.4%
AUD/USD	0.7183	0.7173	0.1%
AUD/GBP	0.5391	0.5408	-0.3%
AUD/EUR	0.6338	0.6351	-0.2%
AUD/YEN	81.66	81.80	-0.2%
AUD/NZD	1.0567	1.0576	-0.1%
AUD/CAD	0.9179	0.9209	-0.3%

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

VIX Index	20.59	19.29	6.7%
2-Year Treasury Yield (%)	0.617	0.659	-6.4%
10-Year Treasury Yield (%)	1.429	1.452	-1.6%