

20 December 2021

## Futures lower following yet another weak US session on Friday night

- Futures guide lower.** Following yet another poor night on Wall Street on Friday, it appears local stocks will begin the week on a softer note, with futures currently lower by 30 points, or ~0.4% at the time of writing. In economic news, there are no major releases today.
- This week in economics.** Despite a slow start today, economic news will heat up over the balance of this week, with major items including: German consumer confidence, UK GDP figures, US GDP figures, US PCE figures (where the core PCE reading is expected to hit 4.5% from 4.1% last month), Japanese inflation and Michigan consumer sentiment.
- Global markets on Friday.** US stocks came under pressure again on Friday evening, this time led by the industrial-heavy Dow Jones, which lost >500 points, or 1.5% for the session, while the Nasdaq and Russell 2000 (which have been the perennial underperformers of late) both did slightly better, only losing 0.1% and gaining 1.0% respectively for the session. For the week, the Nasdaq lost 3% while the Dow and S&P lost 1.7% and 1.9% respectively. Elsewhere, stocks across Europe were mostly lower on Friday, led by the French CAC which closed 1.1% lower.
- Rotation takes a breather.** As alluded to above, the moves on Friday saw a modest unwinding of the recent growth → value trade, with sectors typically seen as more dense (ie. **energy** and **financials**) the worst performing sectors – both down by >2% - while **tech** and **consumer discretionary** names were (relatively) stronger on the day, only losing 0.5% and 0.3% each.
- In other markets,** the **USD** rose sharply against a basket of currencies (+0.7%), the **AUD** was soft, **oil** lost 2%, **gold** was flat, **silver** slightly lower, **uranium** flat and **tin** off 1.4% for the day, while **iron ore** bucked the trend and gained 3% for the day. Elsewhere, **bond yields** were higher at the short end and lower at the long-end (ie. more flattening), with the 10-year closing at just 1.41% and the spread now being only 77bps between the two. The **VIX Index** lost 5% for the day.

World Indices	Close	Prior	% Δ
<u>Local Markets</u>			
All Ordinaries	7,626.2	7,618.5	0.1%
ASX 200	7,304.0	7,295.7	0.1%
ASX Emerging Companies	2,581.6	2,575.4	0.2%
<u>US Markets</u>			
Dow Jones	35,365.4	35,897.6	-1.5%
S&P500	4,620.6	4,668.7	-1.0%
Nasdaq	15,169.7	15,180.4	-0.1%
Russell 2000	2,173.9	2,152.5	1.0%
<u>Asian &amp; European Markets</u>			
Shanghai Composite	3,632.4	3,675.0	-1.2%
Nikkei	28,545.7	29,066.3	-1.8%
Hang Seng	23,192.6	23,475.5	-1.2%
FTSE 100	7,269.9	7,260.6	0.1%
DAX 30	15,531.7	15,636.4	-0.7%
CAC 40	6,926.6	7,005.1	-1.1%

Economic Releases	Time	F'cast	Prior
No major economic news today			

Key BW Names	Close	Prior	% Δ
Jervois Mining	0.550	0.540	1.9%
Forbidden Foods	0.200	0.200	0.0%
Alderan Resources	0.035	0.035	0.0%
Selfwealth	0.290	0.295	-1.7%

Commodities	Close	Prior	% Δ
Oil - West Texas Crude	70.86	72.03	-1.6%
Gold	1,798.7	1,798.7	0.0%
Gold (Aus)	2,521.0	2,504.1	0.7%
Silver	22.37	22.46	-0.4%
Uranium (Spot)	43.25	43.25	0.0%
Tin (Futures)	38,435	38,995	-1.4%

Currency	Close	Prior	% Δ
DXY Index	96.67	95.98	0.7%
AUD/USD	0.7135	0.7183	-0.7%
AUD/GBP	0.5388	0.5391	-0.1%
AUD/EUR	0.6347	0.6338	0.1%
AUD/YEN	81.07	81.66	-0.7%
AUD/NZD	1.0575	1.0567	0.1%
AUD/CAD	0.9196	0.9179	0.2%

Other Markets	Close	Prior	% Δ
VIX Index	21.57	20.59	4.8%
2-Year Treasury Yield (%)	0.634	0.617	2.8%
10-Year Treasury Yield (%)	1.407	1.429	-1.5%