

13 January 2022

Stocks modestly higher as inflation (+7%) falls in-line with expectations

- Global markets.** It was another solid session for international equities overnight, following weeks of volatility, with all major US indices closing higher in a range of 0.1% - 0.3% and led again by the tech-heavy Nasdaq (which has been down the most of the majors in recent weeks). Over in Europe the day's performance was stronger still – with the big three markets ahead by 0.4% - 0.8% and led by the FTSE. Elsewhere, the Russell 2000 lost 0.5%.
- Inflation running at 7%, but as expected.** The key news overnight was the release of US CPI for the month of December, which showed headline YoY growth of 7% (the highest level since 1982, but in-line with expectations), while core CPI printed 5.5% being marginally ahead of 5.4% estimates and well up on the 4.9% last month. While most economists expect inflation to begin moderating over the course of 2022, last night's headline and core MoM prints of 0.5% and 0.6% respectively confirm we are still in the midst of a very inflationary environment.
- In company news,** stocks most exposed to strong economic conditions were the best performers, with names such as **Caterpillar**, **Honeywell** and **Boeing** each up 1%, while **Mosaic** and **Freeport** both put on 5%. Amongst tech names, the FAANG+ stocks were mixed, with **Tesla** the only megacap to have a standout night (adding 4%), while the higher-beta tech names were mostly weak, with **Upstart** and **Roku** down 2% and 4% respectively.
- In other markets,** a sell-off in the **USD** (down 1% against a basket of currencies) ensured it was a strong night for **commodities**, with **tin** higher by 2%, **oil** 1%, **gold** and **silver** modestly higher (lower in AUD terms) and **copper** up >2%. Elsewhere, the **VIX Index** fell another 4% and **bond yields** were essentially unchanged.
- Futures flat.** Despite the solid lead from Wall Street overnight, it appears local stocks will open basically flat when trading commences this morning – with futures currently off by 3pts at the time of writing.

World Indices	Close	Prior	% Δ
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Local Markets

All Ordinaries	7,762.2	7,710.7	0.7%
ASX 200	7,438.9	7,390.1	0.7%
ASX Emerging Companies	2,774.1	2,723.7	1.9%

US Markets

Dow Jones	36,290.3	36,252.0	0.1%
S&P500	4,726.4	4,713.1	0.3%
Nasdaq	15,188.4	15,153.5	0.2%
Russell 2000	2,183.0	2,192.9	-0.5%

Asian & European Markets

Shanghai Composite	3,597.4	3,567.4	0.8%
Nikkei	28,765.7	28,222.5	1.9%
Hang Seng	24,402.2	23,739.1	2.8%
FTSE 100	7,551.7	7,491.4	0.8%
DAX 30	16,010.3	15,941.8	0.4%
CAC 40	7,237.2	7,183.4	0.7%

Economic Releases	Time	F'cast	Prior
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Multiple Fed Speakers	Various		
US Initial Jobless Claims	00:30	1.73m	1.75m
US Continuing Jobless Claims	00:30	200k	207k
US PPI	00:30	0.4%	0.8%

Key BW Names	Close	Prior	% Δ
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Forbidden Foods	0.220	0.200	10.0%
Elementos	0.595	0.560	6.2%
Jervois Mining	0.665	0.635	4.7%
Dubber Corporation	2.260	2.200	2.7%

Commodities	Close	Prior	% Δ
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Oil - West Texas Crude	82.76	81.47	1.6%
Gold	1,827.1	1,823.0	0.2%
Gold (Aus)	2,506.7	2,527.8	-0.8%
Silver	23.20	22.80	1.8%
Uranium (Spot)	45.75	45.75	0.0%
Tin (Futures)	40,449	39,826	1.6%

Currency	Close	Prior	% Δ
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DXY Index	94.94	95.61	-0.7%
AUD/USD	0.7289	0.7212	1.1%
AUD/GBP	0.5316	0.5289	0.5%
AUD/EUR	0.6366	0.6343	0.4%
AUD/YEN	83.47	83.13	0.4%
AUD/NZD	1.0636	1.0628	0.1%
AUD/CAD	0.9112	0.9068	0.5%

Other Markets	Close	Prior	% Δ
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VIX Index	17.60	18.36	-4.1%
2-Year Treasury Yield (%)	0.911	0.895	1.8%
10-Year Treasury Yield (%)	1.738	1.747	-0.5%

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