

19 January 2022

## Stocks sold off sharply again overnight as yields spike (10yr @ 1.87%)

- Global markets.** While US stock and bond markets were closed for observance of MLK Day on Monday, it took little time for investors to return where they left off, with bond yields rocketing higher pre-market and stock futures selling off accordingly. This trend continued for the entire overnight session, with all major US indices closing heavily in the red, led by the Russell 2000 and Nasdaq which gave up 3.1% and 2.6% respectively, followed closely by the S&P 500 and Dow which lost 1.8% and 1.5% a piece. In Europe it was a similar story, with all markets closing lower in a range of 0.6% - 1.0% for the session.
- Yields move sharply higher.** The driver of last night's sell-off in equity markets was a sharp uptick in yields – right along the curve – including a 9bp rise in the US 2-year which saw it move comfortably through 1% and an 8bp rise in the 10-year. Both ultimately closed at-or-near the highs of the day and at fresh 12-month highs also. For context, the 10-year hasn't been at a level of 1.87% since last 2019.
- Tech leads the declines.** Unsurprisingly, it was long-duration tech names which bore the brunt of the selling overnight, with the second-tier and covid-beneficiary names particularly hard hit, including an 8% fall in **Rivian**, 5% decline in **Robinhood**, 4% in **Peloton**, 3% for **Netflix** and 6% decline in **Snap**. Elsewhere, shares of **Goldman Sachs** were also hit hard as the company missed earnings estimates for Q4, while **Activision** managed to buck the trend, rising 26% as **Microsoft** announced it would buy the video game developer.
- Futures point lower.** Unsurprisingly, given the weak lead from Wall Street overnight, it appears local stocks will open sharply lower when trading commences this morning – with ASX futures currently off by 59 points, or ~0.8% at the time of writing.
- In economics,** today will see the release of Westpac's consumer confidence at 10:30am, while inflation is due from Germany, the UK and Canada – with estimates looking for a YoY decline in growth rates across all regions.

World Indices	Close	Prior	% Δ
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### Local Markets

All Ordinaries	7,735.8	7,739.3	0.0%
ASX 200	7,408.8	7,417.3	-0.1%
ASX Emerging Companies	2,784.6	2,766.2	0.7%

### US Markets

Dow Jones	35,368.5	35,911.8	-1.5%
S&P500	4,577.1	4,662.9	-1.8%
Nasdaq	14,506.9	14,893.8	-2.6%
Russell 2000	2,094.9	2,162.5	-3.1%

### Asian & European Markets

Shanghai Composite	3,569.9	3,541.7	0.8%
Nikkei	28,257.3	28,333.5	-0.3%
Hang Seng	24,112.8	24,218.0	-0.4%
FTSE 100	7,563.6	7,611.2	-0.6%
DAX 30	15,772.6	15,933.8	-1.0%
CAC 40	7,133.8	7,201.6	-0.9%

Economic Releases	Time	F'cast	Prior
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Westpac Cons. Confidence	10:30		104.3
German Inflation	18:00	5.3%	5.2%
UK Core Inflation	18:00	3.9%	4.0%
Canada Core Inflation	0:30	3.5%	3.6%

Key BW Names	Close	Prior	% Δ
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Dubber Corporation	2.290	2.180	5.0%
Lotus Resources	0.290	0.285	1.8%
Jervois Mining	0.720	0.710	1.4%
Family Zone Cyber Security	0.605	0.600	0.8%

Commodities	Close	Prior	% Δ
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Oil - West Texas Crude	85.82	84.30	1.8%
Gold	1,813.9	1,819.3	-0.3%
Gold (Aus)	2,526.4	2,522.9	0.1%
Silver	23.51	23.03	2.1%
Uranium (Spot)	45.63	45.75	-0.3%
Tin (Futures)	41,300	40,351	2.4%

Currency	Close	Prior	% Δ
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DXY Index	95.77	95.26	0.5%
AUD/USD	0.7180	0.7211	-0.4%
AUD/GBP	0.5284	0.5284	0.0%
AUD/EUR	0.6342	0.6322	0.3%
AUD/YEN	82.29	82.64	-0.4%
AUD/NZD	1.0609	1.0614	0.0%
AUD/CAD	0.8986	0.9029	-0.5%

Other Markets	Close	Prior	% Δ
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VIX Index	23.12	19.19	20.5%
2-Year Treasury Yield (%)	1.055	0.961	9.8%
10-Year Treasury Yield (%)	1.874	1.792	4.6%