

20 January 2022

Markets lower again overnight, led by small caps (-1.5%) and tech (-1%)

- Global markets.** Despite starting the day higher (and spending most of the session there), US stocks were yet again unable to hold onto gains, with each of the major indices closing lower by >1%, led by the small cap Russell 2000; which lost 1.5% and fell through its long-term range, while the Nasdaq gave up 1.1% (and is now in correction territory, being lower by >10% from its November highs), while both the S&P 500 and Dow also lost 1%. Over in Europe (where markets closed prior to the late-session US sell-off, markets were all higher, in a range of 0.2% - 0.5%.
- Earnings highlights.** While the market's performance is being dictated by yield changes in the short-term, there is still an earnings season underway, with last night's results being mostly positive including better-than-expected results from **Bank of America** (+0.2%), **Morgan Stanley** (+2%), **Procter & Gamble** (+3%) and **United Health** (+0.3%). In total, 44 of the S&P 500's components have now reported.
- Yields ~unchanged overnight.** Despite all the focus on **bond yields**, they essentially closed ~flat overnight as the 2-year moved higher by just 1bp to 1.06%, while the 10-year fell to 1.87% (from 1.88%) after touching 1.9% briefly early in the session – both remain at-or-near their highs since late 2019.
- In other markets,** the **USD** was lower against a basket of currencies, the **AUD** was mostly higher, **commodity** prices held up reasonably well given the selling in other parts of the market – **gold** and **silver** were up 1.5% and 2.8% respectively, **oil** added another 1%, **tin** 2.4% - to see futures prices through \$42k – and copper was 2% higher. Finally, the **VIX Index** shot up by another 3% on account of the day's equity market volatility.
- Jobs data out today.** In economic news, today's key release will be local jobs data which is out at 11:30 and is expected to see 43k jobs added locally in December, with the country's unemployment rate ticking lower to 4.5% from 4.6%. Consumer inflation expectations are also due, as is Eurozone inflation data, ECB meeting minutes and US weekly jobless claims.

World Indices	Close	Prior	% Δ
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Local Markets

All Ordinaries	7,656.6	7,735.8	-1.0%
ASX 200	7,332.5	7,408.8	-1.0%
ASX Emerging Companies	2,767.1	2,784.6	-0.6%

US Markets

Dow Jones	35,028.7	35,368.5	-1.0%
S&P500	4,532.8	4,577.1	-1.0%
Nasdaq	14,340.3	14,506.9	-1.1%
Russell 2000	2,062.8	2,094.9	-1.5%

Asian & European Markets

Shanghai Composite	3,558.2	3,569.9	-0.3%
Nikkei	27,467.2	28,257.3	-2.8%
Hang Seng	24,127.9	24,112.8	0.1%
FTSE 100	7,589.7	7,563.6	0.3%
DAX 30	15,809.7	15,772.6	0.2%
CAC 40	7,173.0	7,133.8	0.5%

Economic Releases	Time	F'cast	Prior
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Cons. Inflation Expectations	11:00		4.8%
Employment Change	11:30	43k	366k
Unemployment Rate	11:30	4.5%	4.6%
Eurozone Core Inflation	0:30	2.6%	2.6%
ECB Meeting Minutes	6:00		
US Initial Jobless Claims	0:30	220k	230k
US Continuing Jobless Claims	0:30	1.58m	1.56m

Key BW Names	Close	Prior	% Δ
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Lotus Resources	0.300	0.290	3.4%
Selfwealth	0.245	0.240	2.1%
Little Green Pharma	0.595	0.590	0.8%
LiveHire	0.360	0.360	0.0%

Commodities	Close	Prior	% Δ
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Oil - West Texas Crude	86.65	85.82	1.0%
Gold	1,840.7	1,813.9	1.5%
Gold (Aus)	2,551.9	2,526.4	1.0%
Silver	24.16	23.51	2.8%
Uranium (Spot)	45.38	45.63	-0.5%
Tin (Futures)	42,292	41,300	2.4%

Currency	Close	Prior	% Δ
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DX Index	95.56	95.77	-0.2%
AUD/USD	0.7213	0.7180	0.5%
AUD/GBP	0.5297	0.5284	0.2%
AUD/EUR	0.6357	0.6342	0.2%
AUD/YEN	82.43	82.29	0.2%
AUD/NZD	1.0632	1.0609	0.2%
AUD/CAD	0.9024	0.8986	0.4%

Other Markets	Close	Prior	% Δ
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VIX Index	23.85	23.12	3.2%
2-Year Treasury Yield (%)	1.055	1.055	0.0%
10-Year Treasury Yield (%)	1.854	1.874	-1.1%