

10 February 2022

Tech leads a strong overnight recovery, uranium stocks soar (+8%)

- **Global markets.** It was another strong session for international equities overnight, with markets back in risk-on mode as the Nasdaq climbed 2.1%, S&P 500 1.5% and Russell 2000 1.9%. In Europe, all major markets also finished up by >1% and other market bellweathers including the **VIX Index** (down sharply to be back below 20) and **copper** (up 4%) also performed as expected in a risk-on rally.
- **From a sector perspective,** the overnight rally was extremely broad-based, with all 11 S&P 500 sub-sectors higher – led by **communication services** at +2.4%, with **consumer staples** at the rear, although still up 0.4% - while there were no obvious trends amongst leading stocks, with stay-at-home names such as **Zoom** (+5%) and **Shopify** (+5%) met with equally strong moves from re-opening plays such as the **airlines** (up 2-5%), **Wynn Resorts** (+4%) and **cruise** names such as **Norwegian** (+4%).
- **Uranium stocks strong.** Amongst key BW sectors, it was an extremely strong night for uranium stocks as **Cameco** (+15%) announced it would re-open its McArthur River mine from 2024 (although only at 60% capacity), while concurrently reducing Cigar Lake production by ~5m lbs/year. Key sector ETFs were up by ~7%-8% on the news, while spot prices ticked slightly higher.
- **Yield curve keeps inverting.** In other markets, the short end of the yield curve continued to steepen overnight, with the US 2-year **Treasury** yield up by 2bps for the session, although a ~2bp fall in the 10-year saw the yield curve further flatten as markets are rapidly pricing in a policy error from the Fed.
- **Futures point higher.** Given the strong lead from Wall Street, it appears local stocks will open sharply higher when trading commences this morning – with ASX futures currently up by 41 points, or ~0.6% at the time of writing. In economic news, today's major event will be the release of **US inflation** data early tomorrow – where markets are looking for a 5.9% YoY core print.

World Indices	Close	Prior	% Δ
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Local Markets

All Ordinaries	7,572.8	7,489.0	1.1%
ASX 200	7,268.3	7,186.7	1.1%
ASX Emerging Companies	2,637.9	2,610.1	1.1%

US Markets

Dow Jones	35,768.1	35,462.8	0.9%
S&P500	4,587.2	4,521.5	1.5%
Nasdaq	14,490.4	14,194.5	2.1%
Russell 2000	2,083.5	2,045.4	1.9%

Asian & European Markets

Shanghai Composite	3,480.0	3,452.6	0.8%
Nikkei	27,579.9	27,284.5	1.1%
Hang Seng	24,830.0	24,329.5	2.1%
FTSE 100	7,643.4	7,567.1	1.0%
DAX 30	15,482.0	15,242.4	1.6%
CAC 40	7,130.9	7,028.4	1.5%

Economic Releases	Time	F'cast	Prior
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Building Permits	11:30	8.2%	2.6%
US Core Inflation	00:30	5.9%	5.5%
US Inflation	00:30	7.3%	7.0%
US Initial Jobless Claims	00:30	230k	238k
US Continuing Jobless Claims	00:30	1.62m	1.63m

Key BW Names	Close	Prior	% Δ
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Elementos	0.600	0.560	7.1%
Dubber Corporation	1.845	1.725	7.0%
BetMakers Tech. Group	0.740	0.720	2.8%
Lotus Resources	0.250	0.245	2.0%

Commodities	Close	Prior	% Δ
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Oil - West Texas Crude	90.06	89.5	0.6%
Gold	1,832.8	1,826.1	0.4%
Gold (Aus)	2,551.6	2,555.5	-0.2%
Silver	23.30	23.19	0.5%
Uranium (Spot)	42.75	42.50	0.6%
Tin (Futures)	42,930	42,944	0.0%

Currency	Close	Prior	% Δ
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DXY Index	95.54	95.60	-0.1%
AUD/USD	0.7183	0.7146	0.5%
AUD/GBP	0.5307	0.5274	0.6%
AUD/EUR	0.6287	0.6257	0.5%
AUD/YEN	82.98	82.56	0.5%
AUD/NZD	1.0747	1.0750	0.0%
AUD/CAD	0.9101	0.9078	0.2%

Other Markets	Close	Prior	% Δ
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VIX Index	19.96	21.44	-6.9%
2-Year Treasury Yield (%)	1.366	1.350	1.2%
10-Year Treasury Yield (%)	1.947	1.964	-0.9%
US 2-10-Year Spread	0.581	0.614	-5.4%

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