

15 February 2022

## Stocks lower again overnight as markets digest rates/Russia headlines

- Global markets.** It was another relatively poor night for equities across the world, with all key US indices closing in the red (albeit, the Nasdaq ended lower by just a single point), while European equities finished the session sharply lower, with markets closing prior to a minor mid-day rally in the US. The day's declines were relatively broad based, with 9 of the S&P 500's 11 sectors closing lower – led by **energy** (-2.2%) and **financials** (-1.1%), while **communication services** (0.3%) and **consumer discretionary** (0.6%) names managed to buck the trend.
- Bullard stays hawkish.** Following his comments last week (which sent the market sharply lower), St. Louis Fed President James Bullard repeated his message that monetary accommodation needed to be removed quickly, stating “I do think we need to front-load more of our planned removal of accommodation than we would have previously”, due to what he called “a lot of inflation” that was both “broadening and possibly accelerating in the US economy”.
- Yields move up again.** Following a sharp bond rally on Friday afternoon (on Russia/Ukraine headlines), **bond yields** were back on the march overnight, with the 2-year Treasury yield up 7bps to 1.58% and the 10-year adding 5bps to close just shy of 2%. Amidst all the focus on rising yields, the curve is continuing to flatten and sits at just 41bps at the time of writing.
- In other markets,** the price of **oil** was higher again, with **WTI crude** finishing the day at \$94.99/bbl, or up 2%, other **commodities** were also mostly stronger with **gold** and **silver** adding 0.7% and 1.2% a piece, **tin** was also higher (+0.6%), while **copper** and **iron ore** prices fell modestly. Finally, the **VIX Index** closed up 4%, but well off the highs of the day – after briefly touching a level of 31 in intraday trade.
- Futures lower by ~1%.** Given yet another poor lead from Wall Street, it appears local stocks will open lower when trading commences – with futures off by 78 points, or 1.1% at the time of writing. In economic news, RBA minutes are due at 11:30am.

World Indices	Close	Prior	% Δ
<u>Local Markets</u>			
All Ordinaries	7,535.1	7,515.8	0.3%
ASX 200	7,243.9	7,217.3	0.4%
ASX Emerging Companies	2,557.0	2,618.3	-2.3%

<u>US Markets</u>			
Dow Jones	34,566.2	34,738.1	-0.5%
S&P500	4,401.7	4,418.6	-0.4%
Nasdaq	13,790.9	13,791.2	0.0%
Russell 2000	2,020.8	2,030.2	-0.5%

<u>Asian &amp; European Markets</u>			
Shanghai Composite	3,428.9	3,463.0	-1.0%
Nikkei	27,079.3	27,696.1	-2.2%
Hang Seng	24,556.6	24,906.7	-1.4%
FTSE 100	7,531.6	7,661.0	-1.7%
DAX 30	15,114.0	15,425.1	-2.0%
CAC 40	6,852.2	7,011.6	-2.3%

Economic Releases	Time	F'cast	Prior
RBA Meeting Minutes	11:30		
UK Unemployment Rate	18:00	4.1%	4.1%
Eurozone GDP	21:00	4.6%	3.9%
Eurozone Econ. Sentiment	21:00		49.4
German Econ. Sentiment	21:00	55.0	51.7

Key BW Names	Close	Prior	% Δ
Alderaan Resources	0.024	0.023	4.3%
Forbidden Foods	0.170	0.165	3.0%
Jervois Mining	0.625	0.625	0.0%
Elementos	0.610	0.610	0.0%

Commodities	Close	Prior	% Δ
Oil - West Texas Crude	94.99	93.1	2.0%
Gold	1,871.8	1,859.1	0.7%
Gold (Aus)	2,627.5	2,604.6	0.9%
Silver	23.87	23.58	1.2%
Uranium (Spot)	43.25	43.25	0.0%
Tin (Futures)	43,800	43,549	0.6%

Currency	Close	Prior	% Δ
DXY Index	96.33	96.03	0.3%
AUD/USD	0.7124	0.7138	-0.2%
AUD/GBP	0.5266	0.5266	0.0%
AUD/EUR	0.6304	0.6297	0.1%
AUD/YEN	82.35	82.25	0.1%
AUD/NZD	1.0773	1.0729	0.4%
AUD/CAD	0.9067	0.9091	-0.3%

Other Markets	Close	Prior	% Δ
VIX Index	28.43	27.36	3.9%
2-Year Treasury Yield (%)	1.583	1.516	4.4%
10-Year Treasury Yield (%)	1.993	1.943	2.6%
US 2-10-Year Spread	0.410	0.427	-4.0%

**Disclosure:** BW Equities advise that they and persons associated with them may have an interest in the above securities and that they may earn brokerage, commissions, fees and other benefits and advantages in connection with the making of a recommendation or a dealing by a client in these securities or by seeking to do business with companies covered in this report. Investors should consider investment risks and conflicts highlighted at the end of this report and not only consider this report in making an investment decision.