

16 February 2022

Stocks rally sharply on easing geopolitical tensions, futures +1.1%

- **Global markets.** It was an extremely strong session for international equities overnight as news early in the day from the Russian Defence Ministry noted the country had begun removing troops from the Ukraine border. Unsurprisingly, stocks jumped sharply on the news with all major indices in the US up by >1%, paced by the Russell 2000 (+2.8%) and tech-heavy Nasdaq (+2.5%). European markets were equally strong with the DAX and CAC each adding ~2% for the day.
- **In company news,** the heavily beaten-down tech sector outperformed (+2.7%), with names such as **Tesla** (+5%), **Netflix** (+3%) and **Nvidia** (+9%) ripping higher. **Airline** and **cruise** stocks were also sharply higher – with **American Airlines** (+8%) and **Carnival** (+7%) being two standouts, while at the other end of the spectrum, the **energy** complex was hit (-1.4%) as geopolitical tensions eased and the price of **crude** fell 3%.
- **In other markets,** the **USD** was weaker against a basket of currencies (-0.4%), the **AUD** was mixed – being mostly higher, except against the **Euro** – the **VIX Index** declined by 10% on account of the eased geopolitical tensions and rally in equities, and **yields** were higher along the curve (the curve also steepened by 7bps). Finally, **commodities** were mostly lower, with **tin**, **oil**, **gold** and **silver** all down for the session. **Spot uranium** was unchanged.
- **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 higher by 71pts or ~1.1% at the time of writing.
- **In economic news,** today will see Westpac's index of leading indicators released at 10:30am, followed by Chinese inflation and PPI data just after midday, UK and Canadian inflation figures are also due out later tonight, as are US retail sales early tomorrow morning (local time), where expectations are for 2% MoM growth.

World Indices	Close	Prior	% Δ
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Local Markets

All Ordinaries	7,490.3	7,535.1	-0.6%
ASX 200	7,206.9	7,243.9	-0.5%
ASX Emerging Companies	2,513.8	2,557.0	-1.7%

US Markets

Dow Jones	34,988.8	34,566.2	1.2%
S&P500	4,471.1	4,401.7	1.6%
Nasdaq	14,139.8	13,790.9	2.5%
Russell 2000	2,076.5	2,020.8	2.8%

Asian & European Markets

Shanghai Composite	3,446.1	3,428.9	0.5%
Nikkei	26,865.2	27,079.3	-0.8%
Hang Seng	24,355.7	24,556.6	-0.8%
FTSE 100	7,608.9	7,531.6	1.0%
DAX 30	15,412.7	15,114.0	2.0%
CAC 40	6,980.0	6,852.2	1.9%

Economic Releases	Time	F'cast	Prior
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Westpac Leading Index	10:30		0.0%
China Inflation	12:30	1.0%	1.5%
China PPI	12:30	9.5%	10.3%
UK Core Inflation	18:00	4.3%	4.2%
Canada Core Inflation	0:30		4.0%
US Retail Sales	0:30	2.0%	-1.9%

Key BW Names	Close	Prior	% Δ
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Lotus Resources	0.245	0.235	4.3%
Elementos	0.635	0.610	4.1%
Selfwealth	0.210	0.205	2.4%
LiveHire	0.400	0.395	1.3%

Commodities	Close	Prior	% Δ
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Oil - West Texas Crude	92.05	95.0	-3.1%
Gold	1,853.4	1,871.8	-1.0%
Gold (Aus)	2,591.8	2,627.5	-1.4%
Silver	23.38	23.87	-2.1%
Uranium (Spot)	43.25	43.25	0.0%
Tin (Futures)	43,775	43,800	-0.1%

Currency	Close	Prior	% Δ
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DXY Index	95.99	96.33	-0.4%
AUD/USD	0.7151	0.7124	0.4%
AUD/GBP	0.5281	0.5266	0.3%
AUD/EUR	0.6296	0.6304	-0.1%
AUD/YEN	82.69	82.35	0.4%
AUD/NZD	1.0771	1.0773	0.0%
AUD/CAD	0.9096	0.9067	0.3%

Other Markets	Close	Prior	% Δ
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VIX Index	25.70	28.43	-9.6%
2-Year Treasury Yield (%)	1.571	1.583	-0.8%
10-Year Treasury Yield (%)	2.048	1.993	2.8%
US 2-10-Year Spread	0.477	0.410	16.3%