

23 February 2022

## Markets lower overnight, but well off the lows – yield curve flattens by 8bps

- **Global markets.** While on face value, US markets had another poor session overnight, much of the weakness was already baked into futures during the local session yesterday – with the major US indices actually bouncing quite aggressively from around mid-session. For the day, each of the majors was off between 1.0% - 1.4% (led by the Dow Jones), yet all were ~1% off the lows. In Europe, markets all closed ~flat.
- **In company news,** a big week of earnings kicked off with **Home Depot** beating EPS estimates, yet still falling by ~9%, **Macy's** was similarly weak – with the company also beating on the top and bottom line, yet ending the day 5% lower. Elsewhere, the large cap tech names were all lower by ~1% - 2%, although **Tesla** and **Netflix** were notable underperformers – each losing 4% for the day.
- **Yield curve flattens by 8bps.** In fixed income news, **bond yields** moved higher again overnight, yet most of the movement was at the short-end, with the 2-year Treasury adding 9bps for the day and the 10-year just 2bps; resulting in a further flattening of the curve, this time by 8bps to be sitting at 0.38%.
- **In other markets,** the **USD** was slightly weaker against a basket of major currencies, while the **AUD** gained against most major crosses. Elsewhere, the price of **oil** rose 1%, while other **commodities** were mixed with **gold** and **uranium** lower, **tin** once again moving modestly higher and **silver** also up 0.6% for the day. And finally, the **VIX Index** was higher by 4% on account of the day's equity market volatility.
- **Futures ~flat.** Despite the falls on Wall Street and mid-day rally, it appears local markets will open ~flat when trading commences this morning, with futures off by 6 points, or < 0.1% at the time of writing.
- **In economic news,** today will see the release of wage price data locally, an RBNZ rate decision, German consumer confidence figures and inflation data out of the Eurozone.

World Indices	Close	Prior	% Δ
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Local Markets

All Ordinaries	7,422.2	7,507.0	-1.1%
ASX 200	7,161.3	7,233.6	-1.0%
ASX Emerging Companies	2,435.0	2,518.1	-3.3%

US Markets

Dow Jones	33,596.6	34,079.2	-1.4%
S&P500	4,304.8	4,348.9	-1.0%
Nasdaq	13,381.5	13,548.1	-1.2%
Russell 2000	1,980.2	2,009.3	-1.5%

Asian & European Markets

Shanghai Composite	3,457.2	3,490.6	-1.0%
Nikkei	26,449.6	26,910.9	-1.7%
Hang Seng	23,520.0	24,170.1	-2.7%
FTSE 100	7,494.2	7,484.3	0.1%
DAX 30	14,693.0	14,731.1	-0.3%
CAC 40	6,787.6	6,788.3	0.0%

Economic Releases	Time	F'cast	Prior
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Wage Price Index	11:30	2.4%	2.2%
RBNZ Rate Decision	13:00	1.00%	0.75%
German Cons. Confidence	18:00	-6.3	-6.7
Eurozone Inflation	21:00	5.1%	5.0%
Eurozone Core Inflation	21:00	2.3%	2.6%

Key BW Names	Close	Prior	% Δ
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Selfwealth	0.220	0.210	4.8%
Alderan Resources	0.023	0.023	0.0%
Hydralyte	0.250	0.250	0.0%
Jervois Mining	0.695	0.700	-0.7%

Commodities	Close	Prior	% Δ
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Oil - West Texas Crude	92.35	91.07	1.4%
Gold	1,899.3	1,904.6	-0.3%
Gold (Aus)	2,630.7	2,648.2	-0.7%
Silver	24.12	23.97	0.6%
Uranium (Spot)	42.88	43.13	-0.6%
Tin (Futures)	43,975	43,900	0.2%

Currency	Close	Prior	% Δ
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DXY Index	96.07	96.12	-0.1%
AUD/USD	0.7220	0.7192	0.4%
AUD/GBP	0.5314	0.5287	0.5%
AUD/EUR	0.6375	0.6357	0.3%
AUD/YEN	83.09	82.55	0.7%
AUD/NZD	1.0724	1.0731	-0.1%
AUD/CAD	0.9218	0.9172	0.5%

Other Markets	Close	Prior	% Δ
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VIX Index	28.81	27.75	3.8%
2-Year Treasury Yield (%)	1.562	1.470	6.3%
10-Year Treasury Yield (%)	1.943	1.928	0.8%
US 2-10-Year Spread	0.381	0.458	-16.8%