

7 February 2022

## Futures ~0.6% lower as strong US jobs report sees yields surge

- Futures point lower.** Despite a relatively strong Friday night on Wall Street, it appears local stocks will open lower when trading commences for the week – with ASX futures currently off by 41 points, or ~0.6% at the time of writing. In economics, today's major releases will be ANZ job ads and retail sales locally, while Caixin PMI's out of China and a speech from ECB President Christine Lagarde are also due.
- This week in economics.** Over the balance of this week, key local releases include: Westpac's consumer confidence figures (Wed), building permits data (Thu), inflation expectations and speech from RBA Governor Lowe (Fri). Internationally the key event this week will be the release of US inflation figures on Friday morning (local time); where expectations are for a headline print of 7.3% (the fastest pace in 40 years) and a core print of 5.9%, up from an already-high 5.5% in December.
- Friday night in global markets.** It was a mixed night for equities on Friday, with European indices closing lower across the board (and by as much as 1.7% in Germany), while US markets were mixed with the Dow slightly lower, the Russell 2000 (+0.6%) and S&P 500 (+0.5%) only modestly higher and the Nasdaq sharply higher (+1.6%) following a strong earnings report from **Amazon** (after-hours in the prior session) – which itself ended 14% higher for the session.
- US jobs crush estimates.** The robust Friday night performance in US stocks came despite a strong non-farm payrolls report, which showed 467k jobs added in the month of January – being ~3x the consensus estimate of 150k – while average hourly earnings rose a phenomenal 5.7% YoY, which was also well ahead of estimates for 5.2%.
- Yields up, curve flattens further.** The strong jobs report saw yields move sharply higher along the curve, with the 2-year adding 11bps, while the 10-year rose 7bps – the combination of which saw the yield curve flatten further (by 4bps) to now be below 0.6% for the first time since late 2020 (when the curve was rapidly steepening).

World Indices	Close	Prior	% Δ
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### Local Markets

All Ordinaries	7,418.9	7,374.6	0.6%
ASX 200	7,120.2	7,078.0	0.6%
ASX Emerging Companies	2,568.3	2,549.5	0.7%

### US Markets

Dow Jones	35,089.7	35,111.2	-0.1%
S&P500	4,500.5	4,477.4	0.5%
Nasdaq	14,098.0	13,878.8	1.6%
Russell 2000	2,002.4	1,991.0	0.6%

### Asian & European Markets

Shanghai Composite	3,361.4	3,361.4	0.0%
Nikkei	27,440.0	27,241.3	0.7%
Hang Seng	24,573.3	23,802.3	3.2%
FTSE 100	7,516.4	7,528.8	-0.2%
DAX 30	15,099.6	15,368.5	-1.7%
CAC 40	6,951.4	7,005.6	-0.8%

Economic Releases	Time	F'cast	Prior
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ANZ Job Ads	11:30		-5.5%
Retail Sales	11:30		7.3%
China Caixin Composite PMI	12:45		53.0
China Caixin Services PMI	12:45		53.1
ECB President Lagarde Speaks	2:45		

Key BW Names	Close	Prior	% Δ
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Hydralyte	0.285	0.260	9.6%
BetMakers Tech. Group	0.735	0.695	5.8%
Lotus Resources	0.240	0.230	4.3%
Forbidden Foods	0.185	0.180	2.8%

Commodities	Close	Prior	% Δ
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Oil - West Texas Crude	92.31	90.0	2.5%
Gold	1,807.6	1,805.1	0.1%
Gold (Aus)	2,554.6	2,528.4	1.0%
Silver	22.52	22.40	0.5%
Uranium (Spot)	43.00	43.00	0.0%
Tin (Futures)	43,021	43,050	-0.1%

Currency	Close	Prior	% Δ
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DXY Index	95.48	95.37	0.1%
AUD/USD	0.7076	0.7139	-0.9%
AUD/GBP	0.5220	0.5249	-0.6%
AUD/EUR	0.6171	0.6242	-1.1%
AUD/YEN	81.54	82.08	-0.7%
AUD/NZD	1.0699	1.0712	-0.1%
AUD/CAD	0.9020	0.9052	-0.4%

Other Markets	Close	Prior	% Δ
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VIX Index	23.22	24.60	-5.6%
2-Year Treasury Yield (%)	1.316	1.206	9.1%
10-Year Treasury Yield (%)	1.913	1.841	3.9%
US 2-10-Year Spread	0.597	0.635	-6.0%