

2 March 2022

Equity markets off another ~2% overnight as oil spikes by US\$10/bbl

- Global markets.** Following a solid few days for equities, it was a return to weakness overnight, with markets across both the US and Europe pummelled on the ongoing Russia/Ukraine situation and more-specifically, a ~US\$10/bbl spike in the price of oil. For the session, all three major US indices closed lower by 1.5% - 1.8%, while the Russell 2000 was weaker still, off 2.2%, and markets in Europe worse again – with both the French and German indices finishing lower by ~4% for the day.
- Oil spike raises stagflation concerns.** With WTI shooting to US\$105/bbl overnight – up ~100% vs this time last year - the prospect of a stagflation is beginning to rise, as hot headline inflation prints are now almost assured, while economic growth will undoubtedly be impacted by the rise in energy prices. Additionally, the overnight moves in yields also appear to support this concern, with 2-year and 10-year **Treasury** yields lower by 9bps and 10bps respectively, while the yield curve also flattened a further 2bps, to just 37bps at the time of writing.
- In other markets,** the price of **uranium** continued to rise given the abovementioned energy concerns and geopolitical issues, with **spot uranium** up 3% for the night and rapidly approaching \$50/lb. **Gold** and **silver** were also strong overnight, up 2% and 4% respectively, **tin** added ~1% to be through \$45k, while finally, the **VIX Index** spiked another 11% to end the session at a level above 33.
- Futures point lower.** Unsurprisingly, given the poor lead from Wall Street, it appears local stocks will open lower when trading commences this morning – with ASX futures currently off by 49 points, or ~0.7% at the time of writing.
- GDP and Powell on deck.** In economics, today will see local GDP figures released for Q4, while Fed Chairman Jerome Powell will also begin his two-day testimony tonight at 2am. Elsewhere, a BOC rate decision is due and German employment figures are out.

| World Indices | Close | Prior | % Δ |
|------------------------|---------|---------|------|
| <u>Local Markets</u> | | | |
| All Ordinaries | 7,385.3 | 7,323.2 | 0.8% |
| ASX 200 | 7,096.5 | 7,049.1 | 0.7% |
| ASX Emerging Companies | 2,559.3 | 2,482.1 | 3.1% |

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|-------------------|----------|----------|-------|
| <u>US Markets</u> | | | |
| Dow Jones | 33,295.0 | 33,892.6 | -1.8% |
| S&P500 | 4,306.3 | 4,373.9 | -1.5% |
| Nasdaq | 13,532.5 | 13,751.4 | -1.6% |
| Russell 2000 | 2,003.9 | 2,048.1 | -2.2% |

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|-------------------------------------|----------|----------|-------|
| <u>Asian & European Markets</u> | | | |
| Shanghai Composite | 3,488.8 | 3,462.3 | 0.8% |
| Nikkei | 26,844.7 | 26,526.8 | 1.2% |
| Hang Seng | 22,761.7 | 22,713.0 | 0.2% |
| FTSE 100 | 7,330.2 | 7,458.3 | -1.7% |
| DAX 30 | 13,904.9 | 14,461.0 | -3.8% |
| CAC 40 | 6,396.5 | 6,658.8 | -3.9% |

| Economic Releases | Time | F'cast | Prior |
|----------------------------|-------|--------|-------|
| Q4 GDP (YoY) | 11:30 | 3.7% | 3.9% |
| RBA Chart Deck | 11:30 | | |
| German Unemployment | 19:55 | 5.1% | 5.1% |
| Eurozone Core Flash CPI | 21:00 | 2.5% | 2.3% |
| BOC Rate Decision | 02:00 | 0.50% | 0.25% |
| Fed Chair Powell Testimony | 02:00 | | |

| Key BW Names | Close | Prior | % Δ |
|----------------------------|-------|-------|------|
| Elementos | 0.605 | 0.560 | 8.0% |
| Lotus Resources | 0.305 | 0.290 | 5.2% |
| Family Zone Cyber Security | 0.420 | 0.400 | 5.0% |
| Jervois Mining | 0.750 | 0.715 | 4.9% |

| Commodities | Close | Prior | % Δ |
|------------------------|---------|---------|-------|
| Oil - West Texas Crude | 105.12 | 95.55 | 10.0% |
| Gold | 1,944.8 | 1,908.2 | 1.9% |
| Gold (Aus) | 2,678.8 | 2,627.7 | 1.9% |
| Silver | 25.45 | 24.45 | 4.1% |
| Uranium (Spot) | 49.63 | 48.25 | 2.8% |
| Tin (Futures) | 45,075 | 44,800 | 0.6% |

| Currency | Close | Prior | % Δ |
|-----------|--------|--------|-------|
| DXY Index | 97.35 | 96.72 | 0.7% |
| AUD/USD | 0.7260 | 0.7262 | 0.0% |
| AUD/GBP | 0.5449 | 0.5412 | 0.7% |
| AUD/EUR | 0.6524 | 0.6474 | 0.8% |
| AUD/YEN | 83.39 | 83.47 | -0.1% |
| AUD/NZD | 1.0740 | 1.0727 | 0.1% |
| AUD/CAD | 0.9246 | 0.9205 | 0.4% |

| Other Markets | Close | Prior | % Δ |
|----------------------------|-------|-------|-------|
| VIX Index | 33.31 | 30.15 | 10.5% |
| 2-Year Treasury Yield (%) | 1.341 | 1.432 | -6.4% |
| 10-Year Treasury Yield (%) | 1.718 | 1.824 | -5.8% |
| US 2-10-Year Spread | 0.377 | 0.392 | -3.8% |

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