

6 April 2022

## The Nasdaq leads an overnight sell-off as Brainard spooks the market

- Global markets.** Markets saw a considerable sell-off overnight following comments from Fed Governor Lael Brainard (discussed further below). In the US, the Russell 2000 and Nasdaq led the day's losses, off 2.4% and 2.3% respectively, followed by a -1.3% decline in the S&P500 and -0.8% in the Dow. It was a similar story in Europe, where French (-1.3%) and German (-0.6%) indices also finished in the red, while the FTSE continued its positive performance, gaining +0.7%, to be up 9.4% in the past 30 days.
- Lael Brainard rattles markets.** The overnight falls followed comments from the historically-dovish Lael Brainard; who suggested in a speech that the Fed must act quickly and aggressively to combat surging inflation rates. Brainard's comments suggested rate hikes could come in higher than the traditional 25bps increments, while also noting QT could begin "at a rapid pace as soon as our May meeting" and that any balance sheet run-off would be "considerably more rapid than in the previous recovery".
- Yields move sharply higher.** Unsurprisingly, on the back of Brainard's speech, yields spiked sharply higher – with the 2-Year adding 10ps and the 10-Year an incredible 15bps (its largest single day move since March 2020) – the confluence of which saw the 2-10 yield curve steepen by 5bps over the session.
- Mixed results for commodities.** Significant swings in both directions were seen overnight as **WTI Crude** slipped 2.1%, finishing the session on \$101.50/bbl. Moreover, precious metals also finished in the red as **gold** fell -0.6% and **silver** fell -1.0%. On the other hand, **Uranium** (+2.9%) crossed the \$60 mark for only the second time in the past 10 years and **tin** added +2.6%.
- Futures point lower.** Following the overnight declines it appears local stocks will open lower when trading commences this morning – with ASX futures down by 0.6% at the time of writing. In economics, the major event of the next 24hrs will be FOMC minutes early tomorrow morning and China PMIs around midday.

World Indices	Close	Prior	% Δ
---------------	-------	-------	-----

### Local Markets

All Ordinaries	7,833.2	7,818.9	0.2%
ASX 200	7,527.9	7,513.7	0.2%
ASX Emerging Companies	2,776.2	2,779.6	-0.1%

### US Markets

Dow Jones	34,641.2	34,921.9	-0.8%
S&P500	4,525.1	4,582.6	-1.3%
Nasdaq	14,204.2	14,532.6	-2.3%
Russell 2000	2,046.0	2,095.4	-2.4%

### Asian & European Markets

Shanghai Composite	3,282.7	3,282.7	0.0%
Nikkei	27,788.0	27,736.5	0.2%
Hang Seng	22,502.3	22,502.3	0.0%
FTSE 100	7,613.7	7,558.9	0.7%
DAX 30	14,424.4	14,518.2	-0.6%
CAC 40	6,645.5	6,731.4	-1.3%

Economic Releases	Time	F'cast	Prior
-------------------	------	--------	-------

RBA Chart Pack	11:30		
China PMIs	11:45		
FOMC Minutes	4:00		
Fed's Harker Speaks	23:30		

Key BW Names	Close	Prior	% Δ
--------------	-------	-------	-----

Alderan Resources	0.026	0.024	8.3%
Lotus Resources	0.380	0.360	5.6%
Elementos	0.840	0.805	4.3%
Hydralyte	0.270	0.265	1.9%

Commodities	Close	Prior	% Δ
-------------	-------	-------	-----

Oil - West Texas Crude	101.50	103.64	-2.1%
Gold	1,922.5	1,933.3	-0.6%
Gold (Aus)	2,535.6	2,562.3	-1.0%
Silver	24.35	24.55	-0.8%
Uranium (Spot)	61.25	59.50	2.9%
Tin (Futures)	44,550	43,413	2.6%

Currency	Close	Prior	% Δ
----------	-------	-------	-----

DXY Index	99.48	98.99	0.5%
AUD/USD	0.7582	0.7545	0.5%
AUD/GBP	0.5798	0.5754	0.8%
AUD/EUR	0.6953	0.6875	1.1%
AUD/YEN	93.73	92.61	1.2%
AUD/NZD	1.0917	1.0859	0.5%
AUD/CAD	0.9470	0.9420	0.5%

Other Markets	Close	Prior	Δ
---------------	-------	-------	---

VIX Index	21.03	18.57	13.2%
2-Year Treasury Yield (%)	2.530	2.432	10 bp
10-Year Treasury Yield (%)	2.555	2.405	15 bp
US 2-10-Year Spread	0.025	-0.027	5 bp