

10 May 2022

Markets sharply lower again overnight, S&P 500 closes under 4,000

- Global markets.** It was another session of relentless selling overnight, with all major US indices finishing sharply lower, paced by the Nasdaq and Russell 2000 which each lost >4% for the session. Elsewhere, the S&P 500 was also hit hard, down 3.2% to close below a level of 4k for the first time since early 2021. The Dow was the best performing major index, though it too lost ~2% for the day. In Europe all major markets closed off by >2%.
- Yields hit fresh highs, then retreat.** Bond yields were once again extremely volatile overnight, with the US 10-year reaching a new cycle-high of 3.20% intraday (being just 6bps below the 2018 highs) before yields collapsed in the back half of the session, to see the 10-year close at a level of 3.04% - down 9bps. Elsewhere, the 2-year and 30-year were also lower on the day, while the 2-10 yield curve rose slightly to 43bps.
- In sector news,** 10 of the S&P's 11 sectors closed in the red, with just **consumer staples** managing to eek out a gain (of just 0.1%). The day's worst performing sectors were **energy** (-8%) and **real estate** (-5%) while **tech** was again weak on the rising yield environment, with names such as **Tesla** (-9%), **ARK's Innovation ETF** (-10%), **Shopify** (-10%), **Peloton** (-10%), **Roblox** (-12%) and **Uber** (-12%) particularly hard hit.
- In other markets,** the **USD** continued to rise, being up 0.1% overnight, while the price of **oil** gave up some ground, falling 6% on rising global recession fears. Other commodities were also weak, with **copper** off 6%, **uranium**, **silver** and **gold** all down ~2% and **tin** ~flat. And finally, the **VIX Index** spiked 15% on account of the day's volatility and closed at a level of 35.
- Futures lower.** Given the weak lead from Wall Street again overnight, it appears local stocks will open lower when trading commences – with ASX futures currently down 99 points, or ~1.4%. In local economic news, retail sales are out today as are German and Eurozone economic sentiment readings and speeches from the Fed's Williams, Bostic, Kashkari, Waller and Mester.

World Indices	Close	Prior	% Δ
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<u>Local Markets</u>			
All Ordinaries	7,357.9	7,467.6	-1.5%
ASX 200	7,120.7	7,205.6	-1.2%
ASX Emerging Companies	2,351.6	2,450.9	-4.1%

<u>US Markets</u>			
Dow Jones	32,245.7	32,899.4	-2.0%
S&P500	3,991.2	4,123.3	-3.2%
Nasdaq	11,623.3	12,144.7	-4.3%
Russell 2000	1,762.1	1,839.6	-4.2%

<u>Asian & European Markets</u>			
Shanghai Composite	3,004.1	3,001.6	0.1%
Nikkei	26,319.3	27,003.6	-2.5%
Hang Seng	20,002.0	20,002.0	0.0%
FTSE 100	7,216.6	7,387.9	-2.3%
DAX 30	13,380.7	13,674.3	-2.1%
CAC 40	6,086.0	6,258.4	-2.8%

Economic Releases	Time	F'cast	Prior
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Retail Sales	11:30	1.6%	1.8%
Eurozone Econ. Sentiment	19:00		-43.0
German Econ. Sentiment	19:00	-42.0	-41.0
Fed Speakers	Various		

Key BW Names	Close	Prior	% Δ
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Hydralyte	0.290	0.290	0.0%
ImExHS	0.820	0.820	0.0%
Dubber Corporation	0.985	1.000	-1.5%
LiveHire	0.295	0.300	-1.7%

Commodities	Close	Prior	% Δ
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Oil - West Texas Crude	102.91	109.77	-6.2%
Gold	1,853.2	1,883.9	-1.6%
Gold (Aus)	2,682.3	2,669.5	0.5%
Silver	21.79	22.34	-2.5%
Uranium (Spot)	54.13	54.88	-1.4%
Tin (Futures)	40,250	40,250	0.0%

Currency	Close	Prior	% Δ
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DX Index	103.76	103.66	0.1%
AUD/USD	0.6946	0.7057	-1.6%
AUD/GBP	0.5635	0.5722	-1.5%
AUD/EUR	0.6579	0.6696	-1.7%
AUD/YEN	90.64	92.21	-1.7%
AUD/NZD	1.1001	1.1032	-0.3%
AUD/CAD	0.9041	0.9114	-0.8%

Other Markets	Close	Prior	% Δ
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VIX Index	34.75	30.19	15.1%
2-Year Treasury Yield (%)	2.606	2.735	-13 bp
10-Year Treasury Yield (%)	3.040	3.128	-9 bp
US 2-10-Year Spread	0.434	0.393	4 bp