

18 May 2022

Stocks rally sharply overnight as rebound continues, Nasdaq +3%

- Global markets.** Another strong day for US equities overnight saw all the major indices rise convincingly. It was again the small cap, Russell 2000 (+3.2%) and tech heavy, Nasdaq (+2.8%) that lead the charge. Nonetheless, the Dow (+1.3%) and S&P500 (+2.0%) also put up strong performances. In other continents, European and Asian indices all gained, with the Hang Seng (+3.3%) being the most notable performer.
- Powell speaks.** Jerome Powell spoke this morning, reiterating numerous prior points, including that (1) the Fed won't hesitate to raise rates above neutral, (2) the war in Ukraine appears to be longer-lasting than first expected, (3) it will be challenging to tame inflation and there could be some pain involved in doing so. Nevertheless, the Fed Chair's comments were taken in stride by the market.
- In other markets.** It was a mixed day for commodities, as **Tin** saw the best gains, adding +2.6%, **Uranium** (-1.0%) slipped slightly, while large drawdowns in the **Crude** (+0.3%) inventories – now pushing it towards concerns concerning low levels – further pushed up the price of **WTI crude** as the US enters its peak consumption season. The **DXY** slipped -0.9%, falling below 104, and the **VIX** fell another -5.0% on account of the day's equity market strength.
- Futures point higher.** Following the strong US performance overnight, ASX Futures point higher by ~1.0% as of writing. Indeed, numerous economic events are occurring throughout the day, such as the Australia's Wage Price Index (11:30), Eurozone Core inflation (19:00), UK Core inflation (16:00), Canada's Core inflation (22:30) and a speech from the Fed's Harker early tomorrow morning.
- Yields remain volatile.** It was another frantic day for bond yields, as the shorter end underperformed. The 2-Year added 14bps and the 10-Year added 11bps, edging within a whisker of a 3% yield. The yield curve flattened by 3bps, despite still being 28bps above a flat yield curve.

World Indices	Close	Prior	% Δ
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Local Markets			
All Ordinaries	7,350.6	7,326.2	0.3%
ASX 200	7,112.5	7,093.0	0.3%
ASX Emerging Companies	2,337.2	2,301.7	1.5%

US Markets			
Dow Jones	32,654.6	32,223.4	1.3%
S&P500	4,088.9	4,008.0	2.0%
Nasdaq	11,984.5	11,662.8	2.8%
Russell 2000	1,840.3	1,783.4	3.2%

Asian & European Markets			
Shanghai Composite	3,093.7	3,073.8	0.6%
Nikkei	26,659.8	26,547.1	0.4%
Hang Seng	20,602.5	19,950.2	3.3%
FTSE 100	7,518.4	7,464.8	0.7%
DAX 30	14,185.9	13,964.4	1.6%
CAC 40	6,430.2	6,347.8	1.3%

Economic Releases			
Westpac Leading Index	10:30		0.3%
Wage Price Index	11:30	2.5%	2.3%
UK Core Inflation	16:00	6.2%	5.7%
Eurozone Core inflation	19:00	3.5%	2.9%
Canadian Core Inflation	22:30	5.4%	5.5%
Fed's Harker Speaks	6:00		

Key BW Names			
BetMakers Tech. Group	0.495	0.465	6.5%
Lotus Resources	0.275	0.265	3.8%
Family Zone Cyber Security	0.345	0.335	3.0%
Jervois Mining	0.845	0.825	2.4%

Commodities			
Oil - West Texas Crude	114.19	113.80	0.3%
Gold	1,815.0	1,823.9	-0.5%
Gold (Aus)	2,682.3	2,614.9	2.6%
Silver	21.64	21.56	0.4%
Uranium (Spot)	48.00	48.50	-1.0%
Tin (Futures)	34,800	33,925	2.6%

Currency			
DXY Index	103.30	104.19	-0.9%
AUD/USD	0.7034	0.6975	0.8%
AUD/GBP	0.5630	0.5658	-0.5%
AUD/EUR	0.6666	0.6684	-0.3%
AUD/YEN	91.01	89.97	1.2%
AUD/NZD	1.1052	1.1051	0.0%
AUD/CAD	0.9008	0.8963	0.5%

Other Markets			
VIX Index	26.10	27.47	-5.0%
2-Year Treasury Yield (%)	2.711	2.574	14 bp
10-Year Treasury Yield (%)	2.995	2.886	11 bp
US 2-10-Year Spread	0.284	0.312	-3 bp