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EQUITIES RESEARCH

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Stocks mixed overnight as Netflix (-35%) weighs on Tech names

- **Global markets.** It was a story of two halves for US stocks overnight, as earnings news drove relative sector performance – with the industrial-heavy Dow Jones +0.7%, while the tech-heavy Nasdaq was off 1.2%. The broader S&P 500 ended ~flat, as did the Russell 2000, while over in Europe markets closed higher in a range of 0.5% - 1.5%.
- **In earnings news,** the big drag on tech stocks was **Netflix**, which reported after-hours yesterday and ultimately plummeted 35% in the overnight session. This move was enough to send other tech names lower, particularly the 'Covid names', with **Shopify** losing 13%, **Peloton** 11% and **Robinhood** 7%. At the other end of the spectrum, strong results from both **IBM** (+7%) and **Procter & Gamble** (+3%) were enough to see the Dow Jones close higher.
- **Yield support overlooked.** The earnings-led falls in tech stocks came despite a sharp fall in yields last night; where the longer-end rallied sharply (10-year yields off 11bps), while short-end yields were also lower, albeit less-so, with the 2-year closing at 2.58%, being down 2bps for the session.
- **In other markets,** the **USD** gave back some of its recent gains, falling 0.6% for the evening, though the DXY remains above 100. Elsewhere, **gold** was strong amongst **commodities,** up 1%, while **silver, uranium, tin** and **oil** were all essentially flat for the session. Finally, the **VIX Index** fell 5% to end just above 20.
- **Futures point higher.** With Netflix's earnings news already in the market yesterday, it appears local stocks will take their lead from the Dow, with ASX futures currently higher by 30 points, or ~0.4% at the time of writing.
- **In economic news,** today will see local retail sales out at 11:30am, while New Zealand inflation figures are due this morning (an uptick to 7.1% from 5.9% is expected), Eurozone inflation figures are also due later tonight – a core print of 3% is forecast. And finally, Fed Chair Powell will speak early tomorrow morning (local time).

World Indices	Close	Prior	% Δ
Local Markets			
ASX 200	7,569.2	7,565.2	0.1%
All Ordinaries	7,869.6	7,867.9	0.0%
ASX Emerging Companies	2,748.2	2,780.7	-1.2%
US Markets			
Dow Jones	35,160.8	34,911.2	0.7%
S&P500	4,459.5	4,462.2	-0.1%
Nasdaq	13,453.1	13,619.7	-1.2%
Russell 2000	2,038.2	2,030.8	0.4%
Asian & European Markets			
Shanghai Composite	3,151.1	3,194.0	-1.3%
Nikkei	27,217.9	26,985.1	0.9%
Hang Seng	20,944.7	21,027.8	-0.4%
FTSE 100	7,629.2	7,601.3	0.4%
DAX 30	14,362.0	14,153.5	1.5%
CAC 40	6,624.9	6,534.8	1.4%

Economic Releases	Time	F'cast	Prior
NZ Inflation	08:45	7.1%	5.9%
Retail Sales	11:30		1.8%
Eurozone Inflation	19:00	7.5%	5.9%
Eurozone Core Inflation	19:00	3.0%	2.7%
Fed's Powell Speaks	01:00		

Key BW Names	Close	Prior	% Δ
LiveHire	0.330	0.305	8.2%
Selfwealth	0.220	0.215	2.3%
Family Zone Cyber Security	0.475	0.470	1.1%
Hydralyte	0.240	0.240	0.0%

Commodities	Close	Prior	% Δ
Oil - West Texas Crude	102.75	102.6	0.2%
Gold	1,957.7	1,949.5	0.4%
Gold (Aus)	2,626.8	2,641.7	-0.6%
Silver	25.20	25.17	0.1%
Uranium (Spot)	62.88	63.25	-0.6%
Tin (Futures)	43,225	43,175	0.1%

Currency	Close	Prior	% Δ
DXY Index	100.34	100.97	-0.6%
AUD/USD	0.7453	0.7380	1.0%
AUD/GBP	0.5705	0.5677	0.5%
AUD/EUR	0.6869	0.6840	0.4%
AUD/YEN	95.41	95.26	0.2%
AUD/NZD	1.0947	1.0957	-0.1%
AUD/CAD	0.9312	0.9313	0.0%

Other Markets	Close	Prior	% Δ
VIX Index	20.32	21.37	-4.9%
2-Year Treasury Yield (%)	2.575	2.598	-2bp
10-Year Treasury Yield (%)	2.840	2.950	-11bp
US 2-10-Year Spread	0.265	0.352	-9bp