

22 April 2022

Markets sell-off again overnight as Powell blesses a 50bp hike in May

- Global markets.** It was an extremely poor session for US equities overnight, with all major indices off by >1%, despite having opened sharply higher. For the day, the small cap Russell (-2.3%) and Nasdaq (-2.1%) led the declines – which to put in context, came after the Nasdaq had opened ~2% higher. In Europe, stocks finished flat-to-higher as markets closed before the mid afternoon US sell-off.
- Yields keep rising.** The mid-session turnaround in US stocks came as Fed Chair Jerome Powell spoke to the IMF's debate on the Global Economy, stating "it is appropriate in my view to be moving a little more quickly" with response to rate hikes, that "50 basis points will be on the table at the May meeting" and that taming inflation was "absolutely essential" to the Fed. All of this hawkish commentary saw 2-year yields shoot higher by another 10bps to 2.67% while 10-year yields rose by a more-modest ~1bp over the session.
- In earnings news,** strong results from **Tesla** (+3%), **American Airlines** (+4%) and **United Airlines** (9%) drove the early-morning positive sentiment, with each of the three companies delivering better-than-expected results (and guidance in some cases), before the broader market weakness moderated their respective performances – they were up 11%, 9% and 13% at the highs of the day.
- In other markets,** the **USD** rose 0.3% against a basket of currencies on account of the move higher in US rates, while the **AUD** was weak against most major crosses. Elsewhere, it was an awful night for **commodities** with **uranium** down 4% (and ETFs off more), **tin**, **silver** and **gold** also lost ground, while even clean energy **solar** names were punished. **Oil** was the one commodity to buck the trend, up 1% for the session.
- Futures guide lower.** Unsurprisingly, it appears local stocks will open sharply lower when trading commences this morning – with ASX futures down 65 points, or ~0.9% at the time of writing.

World Indices	Close	Prior	% Δ
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Local Markets			
ASX 200	7,592.8	7,569.2	0.3%
All Ordinaries	7,887.1	7,869.6	0.2%
ASX Emerging Companies	2,734.3	2,748.2	-0.5%

US Markets			
Dow Jones	34,792.8	35,160.8	-1.0%
S&P500	4,393.7	4,459.5	-1.5%
Nasdaq	13,174.7	13,453.1	-2.1%
Russell 2000	1,991.5	2,038.2	-2.3%

Asian & European Markets			
Shanghai Composite	3,079.8	3,151.1	-2.3%
Nikkei	27,553.1	27,217.9	1.2%
Hang Seng	20,682.2	20,944.7	-1.3%
FTSE 100	7,628.0	7,629.2	0.0%
DAX 30	14,502.4	14,362.0	1.0%
CAC 40	6,715.1	6,624.9	1.4%

Economic Releases	Time	F'cast	Prior
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SPG Manufacturing PMI	09:00		57.7
SPG Services PMI	09:00		55.6
Japan Core Inflation	09:30	0.8%	0.6%
ECBs Lagarde Speaks	23:00		
BOEs Bailey Speaks	00:30		

Key BW Names	Close	Prior	% Δ
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BetMakers Tech. Group	0.780	0.645	20.9%
LiveHire	0.350	0.330	6.1%
Family Zone Cyber Security	0.495	0.475	4.2%
Elementos	0.860	0.845	1.8%

Commodities	Close	Prior	% Δ
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Oil - West Texas Crude	103.79	102.8	1.0%
Gold	1,951.6	1,957.7	-0.3%
Gold (Aus)	2,647.0	2,626.8	0.8%
Silver	24.65	25.20	-2.2%
Uranium (Spot)	60.25	62.88	-4.2%
Tin (Futures)	42,950	43,225	-0.6%

Currency	Close	Prior	% Δ
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DXY Index	100.60	100.34	0.3%
AUD/USD	0.7373	0.7453	-1.1%
AUD/GBP	0.5657	0.5705	-0.8%
AUD/EUR	0.6804	0.6869	-0.9%
AUD/YEN	94.65	95.41	-0.8%
AUD/NZD	1.0949	1.0947	0.0%
AUD/CAD	0.9277	0.9312	-0.4%

Other Markets	Close	Prior	% Δ
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VIX Index	22.68	20.32	11.6%
2-Year Treasury Yield (%)	2.674	2.575	10bp
10-Year Treasury Yield (%)	2.845	2.840	1bp
US 2-10-Year Spread	0.171	0.265	-9bp

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