

4 May 2022

## Risk assets rally sharply overnight as Powell takes 75bps off the table

- Global markets. It was an extremely strong overnight session for risk assets as the US Fed handed down its latest rate decision (a 50bp hike), yet offered up some dovish messaging in its subsequent press conference. For the day, all major US indices added ~3%, while the USD fell by ~1% and in-turn supported a solid move higher in commodities with oil, gold, silver, tin and uranium all ending well up.
- Fed rate decision. As was largely expected, the Fed Funds Rate was raised by 50bps to 0.75%-1.00%, while the accompanying policy statement referenced "ongoing increases" at future meetings. Elsewhere, reduction to the Fed's balance sheet (or QT) was also announced and will begin from June at a rate of US\$47.5bn/month and slowly rise to US\$95bn per month within three months.
- Powell presser. The market's initial reactions to the above rate and QT decisions were relatively muted, yet comments from Fed Chair Powell in his follow-up press conference saw markets rally sharply into the close. In particular, the Fed Chair's confirmation that "a 75 basis point increase is not something that the committee is actively considering" and comments the US economy had "a good chance to have a soft, or soft-ish landing" were particularly well received.
- In other markets, bonds rallied sharply especially at the short-end with 2-year Treasury yields falling 13bps over the session, while the 10-year fell 3bps to finish the session at 2.95%. Elsewhere, given the day's equity market strength and removal of 'Fed risk', the VIX Index fell by 13% back to a level of 25. And finally, the AUD was stronger against all major crosses and closed the session ~2% higher against the USD.
- Futures guide 0.4% higher. Unsurprisingly, given the strong overnight lead from Wall Street, it appears local stocks will open sharply higher this morning when trading commences – with ASX futures currently up by 31 points, or ~0.4% at the time of writing. In economic news, today will see balance of trade and building permit figures released locally and a BoE rate decision later this evening.

World Indices	Close	Prior	%Δ
Local Maytrate			
Local Markets	7.504.0	7 507 0	0.20/
All Ordinaries	7,564.8	7,587.6	-0.3%
ASX 200	7,304.7	7,316.2	-0.2%
ASX Emerging Companies	2,472.8	2,532.3	-2.3%
US Markets			
Dow Jones	34,061.1	33,128.8	2.8%
S&P500	4,300.2	4,175.5	3.0%
Nasdaq	12,964.9	12,563.8	3.2%
Russell 2000	1,949.9	1,898.9	2.7%
Asian & European Markets			
Shanghai Composite	3,047.1	3,047.1	0.0%
Nikkei	26,818.5	26,818.5	0.0%
Hang Seng	20,869.5	21,101.9	-1.1%
FTSE 100	7,493.5	7,561.3	-0.9%
DAX 30	13,970.8	14,039.5	-0.5%
CAC 40	6,395.7	6,476.2	-1.2%
Economic Releases	Time	F'cast	Prior
Balance of Trade	11:30	A\$8.5b	A\$7.5b
Building Permits (MoM)	11:30	-12.5%	43.5%
BoE Rate Decision	21:00	-12.570	70.070
DOL Nate Decision	21.00		
Key BW Names	Close	Prior	% ∆
Hydralyte	0.275	0.250	10.0%
Alderan Resources	0.024	0.023	4.3%
Selfwealth	0.220	0.220	0.0%
LiveHire	0.310	0.310	0.0%
	0.010	0.010	0.070
Commodities			
- Commodition	Close	Prior	% ∆
Oil - West Texas Crude	107.75	103.60	<b>% ∆</b> 4.0%
Oil - West Texas Crude	107.75	103.60	4.0%
Oil - West Texas Crude Gold	107.75 1,883.0	103.60 1,869.0	4.0% 0.8%
Oil - West Texas Crude Gold Gold (Aus)	107.75 1,883.0 2,682.3	103.60 1,869.0 2,632.0	4.0% 0.8% 1.9%
Oil - West Texas Crude Gold Gold (Aus) Silver	107.75 1,883.0 2,682.3 22.96	103.60 1,869.0 2,632.0 22.61	4.0% 0.8% 1.9% 1.5%
Oil - West Texas Crude Gold Gold (Aus) Silver Uranium (Spot)	107.75 1,883.0 2,682.3 22.96 54.25	103.60 1,869.0 2,632.0 22.61 53.88	4.0% 0.8% 1.9% 1.5% 0.7%
Oil - West Texas Crude Gold Gold (Aus) Silver	107.75 1,883.0 2,682.3 22.96	103.60 1,869.0 2,632.0 22.61	4.0% 0.8% 1.9% 1.5%
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Oil - West Texas Crude Gold Gold (Aus) Silver Uranium (Spot) Tin (Futures)	107.75 1,883.0 2,682.3 22.96 54.25 40,875	103.60 1,869.0 2,632.0 22.61 53.88 40,375	4.0% 0.8% 1.9% 1.5% 0.7% 1.2%
Oil - West Texas Crude Gold Gold (Aus) Silver Uranium (Spot) Tin (Futures)  Currency  DXY Index	107.75 1,883.0 2,682.3 22.96 54.25 40,875 Close	103.60 1,869.0 2,632.0 22.61 53.88 40,375 <b>Prior</b>	4.0% 0.8% 1.9% 1.5% 0.7% 1.2% Δ
Oil - West Texas Crude Gold Gold (Aus) Silver Uranium (Spot) Tin (Futures)  Currency  DXY Index AUD/USD	107.75 1,883.0 2,682.3 22.96 54.25 40,875 Close 102.51 0.7254	103.60 1,869.0 2,632.0 22.61 53.88 40,375 <b>Prior</b> 103.46 0.7101	4.0% 0.8% 1.9% 1.5% 0.7% 1.2% Δ
Oil - West Texas Crude Gold Gold (Aus) Silver Uranium (Spot) Tin (Futures)  Currency  DXY Index AUD/USD AUD/GBP	107.75 1,883.0 2,682.3 22.96 54.25 40,875  Close 102.51 0.7254 0.5744	103.60 1,869.0 2,632.0 22.61 53.88 40,375 <b>Prior</b> 103.46 0.7101 0.5681	4.0% 0.8% 1.9% 1.5% 0.7% 1.2% <b>% Δ</b> -0.9% 2.2% 1.1%
Oil - West Texas Crude Gold Gold (Aus) Silver Uranium (Spot) Tin (Futures)  Currency  DXY Index AUD/USD AUD/GBP AUD/EUR	107.75 1,883.0 2,682.3 22.96 54.25 40,875  Close 102.51 0.7254 0.5744 0.6833	103.60 1,869.0 2,632.0 22.61 53.88 40,375 <b>Prior</b> 103.46 0.7101 0.5681 0.6747	4.0% 0.8% 1.9% 1.5% 0.7% 1.2% <b>% Δ</b> -0.9% 2.2% 1.1% 1.3%
Oil - West Texas Crude Gold Gold (Aus) Silver Uranium (Spot) Tin (Futures)  Currency  DXY Index AUD/USD AUD/GBP AUD/EUR AUD/YEN	107.75 1,883.0 2,682.3 22.96 54.25 40,875  Close 102.51 0.7254 0.5744 0.6833 93.84	103.60 1,869.0 2,632.0 22.61 53.88 40,375 <b>Prior</b> 103.46 0.7101 0.5681 0.6747 92.38	4.0% 0.8% 1.9% 1.5% 0.7% 1.2% <b>%Δ</b> -0.9% 2.2% 1.1% 1.3% 1.6%
Oil - West Texas Crude Gold Gold (Aus) Silver Uranium (Spot) Tin (Futures)  Currency  DXY Index AUD/USD AUD/GBP AUD/EUR AUD/YEN AUD/NZD	107.75 1,883.0 2,682.3 22.96 54.25 40,875  Close 102.51 0.7254 0.5744 0.6833 93.84 1.1084	103.60 1,869.0 2,632.0 22.61 53.88 40,375 <b>Prior</b> 103.46 0.7101 0.5681 0.6747 92.38 1.1029	4.0% 0.8% 1.9% 1.5% 0.7% 1.2% <b>% Δ</b> -0.9% 2.2% 1.1% 1.3% 1.6% 0.5%
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Oil - West Texas Crude Gold Gold (Aus) Silver Uranium (Spot) Tin (Futures)  Currency  DXY Index AUD/USD AUD/GBP AUD/EUR AUD/YEN AUD/YEN AUD/CAD  Other Markets  VIX Index	107.75 1,883.0 2,682.3 22.96 54.25 40,875  Close  102.51 0.7254 0.5744 0.6833 93.84 1.1084 0.9243  Close	103.60 1,869.0 2,632.0 22.61 53.88 40,375 <b>Prior</b> 103.46 0.7101 0.5681 0.6747 92.38 1.1029 0.9114 <b>Prior</b>	4.0% 0.8% 1.9% 1.5% 0.7% 1.2% % Δ  -0.9% 2.2% 1.1% 1.6% 0.5% 1.4%  % Δ  -13.1%
Oil - West Texas Crude Gold Gold (Aus) Silver Uranium (Spot) Tin (Futures)  Currency  DXY Index AUD/USD AUD/GBP AUD/EUR AUD/YEN AUD/YEN AUD/NZD AUD/CAD  Other Markets  VIX Index 2-Year Treasury Yield (%)	107.75 1,883.0 2,682.3 22.96 54.25 40,875  Close  102.51 0.7254 0.5744 0.6833 93.84 1.1084 0.9243  Close	103.60 1,869.0 2,632.0 22.61 53.88 40,375 <b>Prior</b> 103.46 0.7101 0.5681 0.6747 92.38 1.1029 0.9114 <b>Prior</b>	4.0% 0.8% 1.9% 1.5% 0.7% 1.2% % Δ  -0.9% 2.2% 1.1% 1.6% 0.5% 1.4%  % Δ  -13.1% -13 bp
Oil - West Texas Crude Gold Gold (Aus) Silver Uranium (Spot) Tin (Futures)  Currency  DXY Index AUD/USD AUD/GBP AUD/EUR AUD/YEN AUD/NZD AUD/CAD  Other Markets  VIX Index 2-Year Treasury Yield (%) 10-Year Treasury Yield (%)	107.75 1,883.0 2,682.3 22.96 54.25 40,875  Close  102.51 0.7254 0.5744 0.6833 93.84 1.1084 0.9243  Close  25.42 2.654 2.946	103.60 1,869.0 2,632.0 22.61 53.88 40,375  Prior  103.46 0.7101 0.5681 0.6747 92.38 1.1029 0.9114  Prior  29.25 2.784 2.979	4.0% 0.8% 1.9% 1.5% 0.7% 1.2% % Δ  -0.9% 2.2% 1.1% 1.6% 0.5% 1.4%  % Δ  -13.1% -13 bp -3 bp
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