

10 June 2022

US markets off sharply, close at the lows ahead of CPI tonight

- **Global markets.** It was another terribly weak night for equities, with all markets across Europe and the US down >1.5% as a hawkish ECB saw markets in the former jurisdiction crushed, while US stocks were weak throughout the day and closed at the lows ahead of tonight's all-important CPI print. For the day; the Nasdaq was the worst performing index, off 2.7%, followed closely by the S&P 500 (-2.4%) and Russell 2000 (-2.1%).
- **Hawkish ECB rattles European stocks...** Early in last night's session, the ECB handed down its rate decision for June (where rates were held at -0.5%), but messaging from the central bank was decidedly hawkish; noting that while 25bp rate hikes were the preferred options for both the July and September meetings, a 50bp hike at September should also be considered. ECB President Lagarde noted inflation risks continue to lie "primarily on the upside".
- **...While tonight's CPI print worried the US.** From a US perspective, the session got progressively worse into the close as investors fretted ahead of tonight's CPI print; where expectations are for a 5.9% core number (down from 6.2% last month) and an 8.3% headline figure (flat vs May). The MoM expectations are for 0.5% and 0.7% respectively.
- **In other markets, the USD rose sharply against a basket of currencies** (on higher rates and a flight to safety), which hit **commodities** broadly as **oil** was down 1%, **gold** and **silver** were also lower as were **copper** and **iron ore**. In fixed income news, yields were higher along the curve – slightly more at the short-end – with the 2-10-year curve flattening to 24bps. And finally, the **VIX Index** shot higher by 9% on account of the day's volatility.
- **Futures off 0.8%.** Unsurprisingly, given the weak lead from Wall Street and Europe, it appears local stocks will open sharply lower when trading begins this morning – with ASX futures currently off by 55 points, or ~0.8%.

World Indices	Close	Prior	% Δ
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Local Markets

All Ordinaries	7,240.4	7,347.0	-1.5%
ASX 200	7,019.7	7,121.1	-1.4%
ASX Emerging Companies	2,248.2	2,289.7	-1.8%

US Markets

Dow Jones	32,272.8	32,910.9	-1.9%
S&P500	4,017.8	4,115.8	-2.4%
Nasdaq	11,754.2	12,086.3	-2.7%
Russell 2000	1,850.9	1,891.0	-2.1%

Asian & European Markets

Shanghai Composite	3,239.0	3,263.8	-0.8%
Nikkei	28,246.5	28,234.3	0.0%
Hang Seng	21,869.1	22,014.6	-0.7%
FTSE 100	7,476.2	7,593.0	-1.5%
DAX 30	14,198.8	14,446.0	-1.7%
CAC 40	6,358.5	6,448.6	-1.4%

Economic Releases	Time	F'cast	Prior
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Cons. Inflation Expectations	11:00		5.0%
China Inflation	11:30	2.2%	2.3%
China PPI	11:30	6.4%	8.0%
Canada Unemployment Rate	22:30	5.2%	5.2%
US Core Inflation	0:00	5.9%	6.2%
US Inflation	0:00	8.3%	8.3%
ECB President Lagarde Speaks	2:00		
Michican Cons. Sentiment	0:00	58.0	58.4

Key BW Names	Close	Prior	% Δ
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Selfwealth	0.175	0.175	0.0%
Alderman Resources	0.018	0.018	0.0%
Lotus Resources	0.280	0.280	0.0%
Elementos	0.595	0.600	-0.8%

Commodities	Close	Prior	% Δ
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Oil - West Texas Crude	121.13	122.38	-1.0%
Gold	1,847.0	1,853.4	-0.3%
Gold (Aus)	2,603.2	2,577.0	1.0%
Silver	21.68	22.05	-1.7%
Uranium (Spot)	52.13	51.75	0.7%
Tin (Futures)	36,603	36,603	0.0%

Currency	Close	Prior	% Δ
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DXY Index	103.31	102.55	0.7%
AUD/USD	0.7095	0.7192	-1.3%
AUD/GBP	0.5680	0.5735	-1.0%
AUD/EUR	0.6686	0.6708	-0.3%
AUD/YEN	95.39	96.55	-1.2%
AUD/NZD	1.1112	1.1155	-0.4%
AUD/CAD	0.9012	0.9030	-0.2%

Other Markets	Close	Prior	% Δ
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VIX Index	26.09	23.96	8.9%
2-Year Treasury Yield (%)	2.803	2.766	4 bp
10-Year Treasury Yield (%)	3.047	3.022	3 bp
US 2-10-Year Spread	0.244	0.256	-1 bp