

2 June 2022

Stocks lower again overnight as yields keep rising (US 2yr +11bps)

- **Global markets.** It was another lacklustre overnight session for US equities, with all major indices ending in the red; led by the Nasdaq and S&P 500 – each of which gave up 0.7% for the day. Elsewhere, the Dow Jones fared slightly better, off 0.5%, as did the small cap Russell 2000 which lost the same amount. In Europe, stocks were similarly soft, with all major markets down 0.3% - 1.0% for the session.
- **Fed speakers and Dimon fuel the moves...** In the absence of any material catalysts last night, moves were very much driven by comments from JPM CEO Jamie Dimon and a range of Fed speakers. Key commentary included Dimon stating a “hurricane is right out there, down the road coming our way”, the Fed’s Bostic noting that a September pause in rates should “not be construed in any way as a ‘Fed put’” and perma-hawk Bullard re-iterating his wish to see rates at 3.5% by year-end.
- **From a sector perspective,** it was the cyclically-exposed names which fared worst overnight, with **financials** (-1.7%), **materials** (-1%) and **real estate** (-1.0%) leading declines, while **energy** (+1.8%) was once again a lone standout amongst the S&P 500’s 11 sub-sectors. Amongst individual stocks, **Meta** fell 2% on news that long-time COO Sheryl Sandberg would be leaving the company, while **Salesforce** (+10%) rallied sharply following better than expected Q1 results.
- **In other markets,** the **USD** rose 0.7% against major currencies as **yields** rose on the abovementioned hawkish comments (2-year +11bps, 10-year +6bps). Elsewhere, **commodities** were a mixed bag, with **oil** down 0.6%, **gold** and **silver** up ~1% and **uranium** and **tin** ~flat. And finally, the **VIX Index** fell 2% as market declines were less-severe than those seen in recent weeks.
- **Futures lower.** Given another poor lead from Wall Street, it appears local stocks will open lower when trading commences this morning – with ASX futures off by 55 points, or ~0.8% at the time of writing.

World Indices	Close	Prior	% Δ
<u>Local Markets</u>			
All Ordinaries	7,462.9	7,455.2	0.1%
ASX 200	7,234.0	7,211.2	0.3%
ASX Emerging Companies	2,358.0	2,412.1	-2.2%

<u>US Markets</u>			
Dow Jones	32,813.2	32,990.1	-0.5%
S&P500	4,101.2	4,132.2	-0.7%
Nasdaq	11,994.5	12,081.4	-0.7%
Russell 2000	1,854.8	1,864.0	-0.5%

<u>Asian & European Markets</u>			
Shanghai Composite	3,182.2	3,186.4	-0.1%
Nikkei	27,457.9	27,279.8	0.7%
Hang Seng	21,294.9	21,415.2	-0.6%
FTSE 100	7,533.0	7,607.7	-1.0%
DAX 30	14,340.5	14,388.4	-0.3%
CAC 40	6,418.9	6,468.8	-0.8%

Economic Releases	Time	F'cast	Prior
Balance of Trade	9:00	A\$9.3b	A\$9.3b
Retail Sales (MoM)	11:30	0.9%	1.6%
US Initial Jobless Claims	22:30	210k	210k
Fed Speakers	Various		

Key BW Names	Close	Prior	% Δ
Forbidden Foods	0.120	0.120	0.0%
Hydralyte	0.250	0.250	0.0%
LiveHire	0.280	0.280	0.0%
Frontier Energy	0.255	0.265	-3.8%

Commodities	Close	Prior	% Δ
Oil - West Texas Crude	114.52	115.18	-0.6%
Gold	1,846.8	1,838.1	0.5%
Gold (Aus)	2,574.3	2,559.3	0.6%
Silver	21.82	21.56	1.2%
Uranium (Spot)	48.50	48.50	0.0%
Tin (Futures)	34,600	34,675	-0.2%

Currency	Close	Prior	% Δ
DXY Index	102.54	101.78	0.7%
AUD/USD	0.7174	0.7182	-0.1%
AUD/GBP	0.5745	0.5696	0.9%
AUD/EUR	0.6734	0.6689	0.7%
AUD/YEN	93.36	92.44	1.0%
AUD/NZD	1.1064	1.1015	0.4%
AUD/CAD	0.9082	0.9079	0.0%

Other Markets	Close	Prior	% Δ
VIX Index	25.69	26.19	-1.9%
2-Year Treasury Yield (%)	2.662	2.553	11 bp
10-Year Treasury Yield (%)	2.914	2.853	6 bp
US 2-10-Year Spread	0.252	0.300	-5 bp

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