

23 May 2022

## Futures slightly lower, market's likely to react to Labor's win today

- **Futures lower.** Australian shares look likely to open slightly lower this morning – with futures off 15 points, or ~0.2% at the time of writing. However, futures last traded on Friday evening; well before results from the weekend's Federal election were known – so moves this morning are likely to be driven more by the latter factor, than a ~flat lead from Wall Street.
- **This week in economics.** It will be a relatively quiet week for economic data, with today's major release being a German business climate survey, while over the balance of the week key events will include: PMIs from Europe and the US, FOMC minutes, US durable goods orders, US Core PCE figures and a range of Fed speakers including Bostic (today), Powell (Wed) and Brainard (Thu). The RBA's Luci Ellis and ECB's Christine Lagarde are also due to speak.
- **Markets on Friday night.** A relatively tame Friday night session saw US indices edge only modestly downwards. The Nasdaq slipped -0.3%, the Russell lost -0.2%, whilst the S&P500 (now in a bear market) and Dow remained flat – this was the 8<sup>th</sup> consecutive weekly loss for the Dow and 7<sup>th</sup> consecutive weekly loss for the S&P 500. The other continents saw more positive results, with all Asian and European indices ticking higher.
- **In other markets.** **WTI Crude** slipped -1.9% to finish the week at \$110/bbl, **Uranium** (-2.1%) and **Tin** (+2.1%) moved in opposite directions, whilst **Iron Ore** jumped +6.1% following China's 15bps rate cut, as China seeks to reduce mortgage stress and support the country's loan demand. In the currency market, the **DX** remained relatively ~flat, as did the **AUD**.
- **Bond markets.** The yield curve further flattened on Friday, as the 2-year lost -4bps and the 10-year lost -10bps – the 10Y touched 3% yield but subsequently slipped to their lowest close of the month. As a result, the 2-10-Year spread lost -6bps and is now sitting just 15bps away from re-inversion.

World Indices	Close	Prior	% Δ
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### Local Markets

All Ordinaries	7,391.0	7,303.3	1.2%
ASX 200	7,145.6	7,064.5	1.1%
ASX Emerging Companies	2,364.7	2,334.2	1.3%

### US Markets

Dow Jones	31,261.9	31,253.1	0.0%
S&P500	3,901.4	3,900.8	0.0%
Nasdaq	11,354.6	11,388.5	-0.3%
Russell 2000	1,773.3	1,776.2	-0.2%

### Asian & European Markets

Shanghai Composite	3,146.6	3,097.0	1.6%
Nikkei	26,739.0	26,402.8	1.3%
Hang Seng	20,717.2	20,120.7	3.0%
FTSE 100	7,390.0	7,302.7	1.2%
DAX 30	13,981.9	13,882.3	0.7%
CAC 40	6,285.2	6,272.7	0.2%

Economic Releases	Time	F'cast	Prior
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German Business Climate	18:00	91.4	91.8
Fed's Bostic Speaks	2:00		

Key BW Names	Close	Prior	% Δ
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LiveHire	0.280	0.265	5.7%
Jervois Mining	0.900	0.860	4.7%
BetMakers Tech. Group	0.515	0.495	4.0%
Lotus Resources	0.275	0.270	1.9%

Commodities	Close	Prior	% Δ
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Oil - West Texas Crude	110.09	112.21	-1.9%
Gold	1,846.3	1,842.1	0.2%
Gold (Aus)	2,617.4	2,614.7	0.1%
Silver	21.78	21.93	-0.7%
Uranium (Spot)	46.25	47.25	-2.1%
Tin (Futures)	34,300	33,600	2.1%

Currency	Close	Prior	% Δ
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DX Index	102.99	102.87	0.1%
AUD/USD	0.7054	0.7045	0.1%
AUD/GBP	0.5645	0.5654	-0.2%
AUD/EUR	0.6671	0.6656	0.2%
AUD/YEN	90.30	90.02	0.3%
AUD/NZD	1.1000	1.1040	-0.4%
AUD/CAD	0.9049	0.9034	0.2%

Other Markets	Close	Prior	% Δ
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VIX Index	29.43	29.35	0.3%
2-Year Treasury Yield (%)	2.645	2.690	-4 bp
10-Year Treasury Yield (%)	2.792	2.893	-10 bp
US 2-10-Year Spread	0.147	0.203	-6 bp