

10 August 2022

Markets under pressure overnight as chip stocks sink, CPI awaits

- **Global markets.** Augmented recession and inflation fears weighed on the US indices overnight – with all major indices losing ground. It was the long-duration stocks and small caps that moved the most, as the Nasdaq and Russell 2000 lost -1.2% and -1.5% respectively, whilst the Dow (-0.2%) and S&P (-0.4%) were still weak; albeit less-so. As a whole, Asian and European indices were also lower over the day, although the Shanghai Composite managed to eek out a small gain.
- **Chip stocks weigh on sentiment.** Concerns amid the competitiveness of US chip firms with China, along with revenue concerns due to macroeconomic and supply issues weighed on chip stocks overnight – despite President Biden having just signed the \$400bn Chip Act to ensure the “future of the chip industry is going to be made in America”. For the day, **Nvidia** (-4%) and **AMD** (-5%) were sharply lower.
- **In other company news,** leading vaccine company, **Novovax**, slipped -30% yesterday after slashing its full year revenue guidance, whilst **Upstart** declined more than -11% having missed both revenue and profit expectations. Locally, **CBA** reported an +11% gain in annual cash profit, bring in ~\$9.6bn.
- **In other markets.** **WTI Crude** and **gold** both remained ~flat last night, despite gold moving back above \$1800/oz intra-day. **Tin** was hit hard, losing 7% amid the aforementioned chip concerns. In fixed income markets, the 2-Year underperformed, gaining +2bps, whilst the 10-Year lost -5bps. This further flattened the 2-10-Year curve, trading at ~-47bps.
- **Futures.** Following the weakness in the US, ASX futures are expected to slip at the open. As of writing, ASX futures are down ~0.6%, or -39 points.
- **Lots of inflation data today.** Today will be very busy on the inflation front, with data released from the **US**, **China** and **Germany** – noting expectations are for an 8.7% headline and 6.1% core print in the US.

World Indices	Close	Prior	% Δ
---------------	-------	-------	-----

Local Markets

All Ordinaries	7,278.6	7,259.5	0.3%
ASX 200	7,029.8	7,020.6	0.1%
ASX Emerging Companies	2,315.2	2,313.4	0.1%

US Markets

Dow Jones	32,774.4	32,832.5	-0.2%
S&P500	4,122.5	4,140.1	-0.4%
Nasdaq	12,493.9	12,644.5	-1.2%
Russell 2000	1,912.9	1,941.2	-1.5%

Asian & European Markets

Shanghai Composite	3,247.4	3,236.9	0.3%
Nikkei	28,000.0	28,249.2	-0.9%
Hang Seng	20,003.4	20,045.8	-0.2%
FTSE 100	7,488.2	7,482.4	0.1%
DAX 30	13,535.0	13,687.7	-1.1%
CAC 40	6,490.0	6,524.4	-0.5%

Economic Releases	Time	F'cast	Prior
-------------------	------	--------	-------

China Inflation (YoY)	11:30	2.9%	2.5%
China Inflation (MoM)	11:30	0.5%	0.0%
German Inflation (YoY)	16:00	7.5%	7.6%
German Inflation (MoM)	16:00	0.9%	0.1%
US Inflation (YoY)	22:30	8.7%	9.1%
US Core Inflation (YoY)	22:30	6.1%	5.9%
US Inflation (MoM)	22:30	0.2%	1.3%
US Core Inflation (MoM)	22:30	0.5%	0.7%

Key BW Names	Close	Prior	% Δ
--------------	-------	-------	-----

Forbidden Foods	0.195	0.190	2.6%
Family Zone Cyber Security	0.410	0.400	2.5%
Dubber Corporation	0.680	0.665	2.3%
Lotus Resources	0.245	0.240	2.1%

Commodities	Close	Prior	% Δ
-------------	-------	-------	-----

Oil - West Texas Crude	90.57	90.76	-0.2%
Gold	1,794.3	1,789.5	0.3%
Gold (Aus)	2,576.5	2,562.6	0.5%
Silver	20.52	20.67	-0.7%
Uranium (Spot)	47.75	47.75	0.0%
Tin (Futures)	23,025	24,700	-6.8%

Currency	Close	Prior	% Δ
----------	-------	-------	-----

DXY Index	106.30	106.39	-0.1%
AUD/USD	0.6964	0.6983	-0.3%
AUD/GBP	0.5766	0.5780	-0.2%
AUD/EUR	0.6818	0.6850	-0.5%
AUD/YEN	94.08	94.24	-0.2%
AUD/NZD	1.1074	1.1109	-0.3%
AUD/CAD	0.8972	0.8981	-0.1%

Other Markets	Close	Prior	% Δ
---------------	-------	-------	-----

VIX Index	21.77	21.29	2.3%
2-Year Treasury Yield (%)	3.259	3.238	2 bp
10-Year Treasury Yield (%)	2.785	2.840	-5 bp
US 2-10-Year Spread	-0.474	-0.398	-8 bp