

13 September 2022

Markets strong again overnight (+1-2%), all eyes on US CPI tonight

- **All eyes on US inflation tonight.** While today is set to be a generally busy day for economic data (refer below), the key event will of course be the release of US CPI figures tonight at 10:30pm (local time); where expectations are for a moderation in YoY headline inflation (8.1% vs 8.5% in July) and a slight pick-up in core inflation YoY (6.1% vs 5.9%) – due largely to base effects. On a MoM basis, headline is forecast to decline 0.1%, while core inflation is seen as flat with July's 0.3% print.
- **Global markets overnight.** It was yet another strong session for both US and European stocks overnight, with all major indices higher in a range of 0.7% (Dow) to 2.4% (DAX). The S&P 500 and Nasdaq rose 1.1% and 1.3% respectively and are now both comfortably above their 50 and 100-day moving averages and up 5-6% from their lows from just a week ago.
- **From a sector perspective,** last night saw all 11 of the S&P's sub-sectors finish higher, led by **Energy** (+1.8%) and **Technology** (+1.6%), while laggards were **Staples** (+0.4%), **Communication Services** (+0.4%) and **Industrials** (+0.6%).
- **In other markets,** the **USD** continued to lose ground, off another 0.6% against a basket of currencies. This weakness supported **commodities**, with **silver** +5%, **oil** +1.4%, **copper** +1% and **uranium** and **gold** also closing up. Elsewhere, the **VIX** rose 5% despite the day's equity market strength and **Treasury yields** were ~unchanged, although noteworthy was the 30-year hitting a fresh 52-week high of 3.55% during the session.
- **Futures point higher.** Given the strong lead from Wall Street, it appears local stocks will once again open higher when trading commences this morning – with ASX futures currently up by 43 points, or ~0.6% at the time of writing.
- **In other economic news,** outside of US CPI figures, today will see Westpac consumer sentiment, UK jobs data and Eurozone and German economic sentiment readings released.

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

Local Markets

All Ordinaries	7,208.2	7,139.0	1.0%
ASX 200	6,964.5	6,894.2	1.0%
ASX Emerging Companies	2,257.3	2,260.2	-0.1%

US Markets

Dow Jones	32,381.3	32,151.7	0.7%
S&P500	4,110.4	4,067.4	1.1%
Nasdaq	12,266.4	12,112.3	1.3%
Russell 2000	1,906.1	1,882.9	1.2%

Asian & European Markets

Shanghai Composite	3,262.1	3,262.1	0.0%
Nikkei	28,542.1	28,214.8	1.2%
Hang Seng	19,362.3	19,362.3	0.0%
FTSE 100	7,473.0	7,351.1	1.7%
DAX 30	13,402.3	13,088.2	2.4%
CAC 40	6,333.6	6,212.3	2.0%

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

Westpac Cons. Confidence	10:30		81.2
German Inflation	16:00	7.9%	7.5%
UK Unemployment Rate	16:00	3.8%	3.8%
Eurozone Econ. Sentiment	19:00		-54.9
German Econ. Sentiment	19:00	60.0	-55.3
US Core Inflation (YoY)	22:30	6.1%	5.9%
US Inflation (YoY)	22:30	8.1%	8.5%
US Core Inflation (MoM)	22:30	0.3%	0.3%
US Inflation (MoM)	22:30	-0.1%	0.0%

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

Jervois Mining	0.545	0.525	3.8%
Lotus Resources	0.265	0.265	0.0%
Elementos	0.310	0.310	0.0%
Selfwealth	0.195	0.195	0.0%

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

Oil - West Texas Crude	87.97	86.79	1.4%
Gold	1,724.9	1,717.3	0.4%
Gold (Aus)	2,503.9	2,511.4	-0.3%
Silver	19.82	18.84	5.2%
Uranium (Spot)	52.00	51.75	0.5%
Tin (Futures)	21,213	21,213	0.0%

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

DX Index	108.30	108.97	-0.6%
AUD/USD	0.6889	0.6838	0.7%
AUD/GBP	0.5898	0.5880	0.3%
AUD/EUR	0.6807	0.6777	0.4%
AUD/YEN	98.32	97.39	1.0%
AUD/NZD	1.1225	1.1197	0.3%
AUD/CAD	0.8946	0.8912	0.4%

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

VIX Index	23.87	22.79	4.7%
2-Year Treasury Yield (%)	3.577	3.577	0 bp
10-Year Treasury Yield (%)	3.358	3.321	4 bp
US 2-10-Year Spread	-0.219	-0.256	4 bp