

18 August 2022

## Fed minutes push US equities lower, Aus jobs data out at 11:30am

- **Global markets.** Markets took a breather overnight, following an almost relentless multi-week rally, with all key indices in the US closing lower – led by the small cap Russell 2000, which lost 1.6%, followed by the Nasdaq (-1.3%), S&P 500 (-0.7%) and Dow (-0.5%). Over in Europe it was a similar story, with all markets lower, including a relatively large 2% decline in the German DAX.
- **Fed minutes.** The big economic news overnight was the release of minutes from the Fed's July meeting; where FOMC members suggested they wouldn't look to pull back on interest rate increases until inflation had come down substantially. Elsewhere, members also noted the current 2.25% - 2.50% fed funds rate was seen as ~neutral.
- **In other markets,** the Fed minutes drove a spike in **yields** along the curve – including a 4bp move higher in the 2-year and 8bp move in the 10-year (this ensured the curve remains heavily inverted at 39bps, albeit down from recent peaks). Elsewhere, **oil** rose 1%, as did other **commodities** including **tin** and **uranium**, while precious metals were weak with **gold** off 1% and **silver** 2%. Finally, despite the day's poor equity market performance, the **VIX Index** remained below its long-run average and closed at a level of 19.90.
- **Futures slightly lower.** Despite the very weak lead from Wall Street, it appears local stocks will only open modestly lower when trading commences this morning – with ASX futures currently off by just 12 points, or ~0.2%.
- **Jobs data on deck.** In local economic news, today's key event will be the release of jobs data at 11:30am this morning; where expectations are for 25k job additions last month and a flat unemployment rate of 3.5%. Elsewhere, Eurozone core inflation figures are due tonight, as are weekly jobless claims from the US – which are forecast to see a continued WoW rise, to 265k from 262k last week.

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

### Local Markets

|                        |         |         |       |
|------------------------|---------|---------|-------|
| All Ordinaries         | 7,381.1 | 7,361.9 | 0.3%  |
| ASX 200                | 7,127.7 | 7,105.4 | 0.3%  |
| ASX Emerging Companies | 2,312.6 | 2,329.1 | -0.7% |

### US Markets

|              |          |          |       |
|--------------|----------|----------|-------|
| Dow Jones    | 33,980.3 | 34,152.0 | -0.5% |
| S&P500       | 4,274.0  | 4,305.2  | -0.7% |
| Nasdaq       | 12,938.1 | 13,102.6 | -1.3% |
| Russell 2000 | 1,987.3  | 2,020.5  | -1.6% |

### Asian & European Markets

|                    |          |          |       |
|--------------------|----------|----------|-------|
| Shanghai Composite | 3,292.5  | 3,277.9  | 0.4%  |
| Nikkei             | 29,222.8 | 28,868.9 | 1.2%  |
| Hang Seng          | 19,922.5 | 19,830.5 | 0.5%  |
| FTSE 100           | 7,515.8  | 7,536.1  | -0.3% |
| DAX 30             | 13,626.7 | 13,910.1 | -2.0% |
| CAC 40             | 6,528.3  | 6,592.6  | -1.0% |

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

|                              |         |       |       |
|------------------------------|---------|-------|-------|
| Unemployment Rate            | 11:30   | 3.5%  | 3.5%  |
| Employment Change            | 11:30   | 25k   | 88k   |
| Eurozone Core Inflation      | 19:00   | 4.0%  | 3.7%  |
| US Initial Jobless Claims    | 22:30   | 265k  | 262k  |
| US Continuing Jobless Claims | 22:30   | 1.44m | 1.43m |
| US Fed Speakers              | Various |       |       |

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

|                            |       |       |      |
|----------------------------|-------|-------|------|
| Frontier Energy            | 0.310 | 0.295 | 5.1% |
| Hydralyte                  | 0.145 | 0.145 | 0.0% |
| Jervois Mining             | 0.480 | 0.480 | 0.0% |
| Family Zone Cyber Security | 0.410 | 0.410 | 0.0% |

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

|                        |         |         |       |
|------------------------|---------|---------|-------|
| Oil - West Texas Crude | 87.54   | 86.94   | 0.7%  |
| Gold                   | 1,762.9 | 1,775.3 | -0.7% |
| Gold (Aus)             | 2,542.7 | 2,528.2 | 0.6%  |
| Silver                 | 19.79   | 20.14   | -1.7% |
| Uranium (Spot)         | 48.00   | 47.50   | 1.1%  |
| Tin (Futures)          | 24,450  | 24,250  | 0.8%  |

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

|           |        |        |       |
|-----------|--------|--------|-------|
| DXY Index | 106.67 | 106.48 | 0.2%  |
| AUD/USD   | 0.6933 | 0.7022 | -1.3% |
| AUD/GBP   | 0.5756 | 0.5805 | -0.8% |
| AUD/EUR   | 0.6814 | 0.6904 | -1.3% |
| AUD/YEN   | 93.67  | 94.26  | -0.6% |
| AUD/NZD   | 1.1048 | 1.1067 | -0.2% |
| AUD/CAD   | 0.8958 | 0.9022 | -0.7% |

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

|                            |        |        |      |
|----------------------------|--------|--------|------|
| VIX Index                  | 19.90  | 19.69  | 1.1% |
| 2-Year Treasury Yield (%)  | 3.279  | 3.241  | 4 bp |
| 10-Year Treasury Yield (%) | 2.893  | 2.812  | 8 bp |
| US 2-10-Year Spread        | -0.386 | -0.429 | 4 bp |