

2 September 2022

Markets mixed overnight, commodities hit by a strong USD (+0.9%)

- **Global markets.** It was a mixed session for stocks overnight, with the S&P 500 and Dow Jones each managing to eek out small gains (of 0.3% and 0.5% respectively), while the Nasdaq (-0.3%) and small cap Russell 2000 (-1.2%) closed lower. All markets were heavily in the red until the final hour of trade, when a ~1% rally across the major indices saved the session. Over in Europe, all major markets were down in a range of ~1.5%-2.0%
- **From a sector perspective,** gains were led by the **Healthcare** (+1.7%) and **Utilities** (+1.4%) sectors, while the **Energy** (-2.3%) and **Materials** (-1.4%) names were hammered on a stronger USD (we discuss further below).
- **Yields rip.** It was a horror session for fixed income markets, with yields higher right along the curve – including a 10bp move in the 30-year, 11bps for the 10-year and 7bps for the 2-year. The relative long-end strength saw the curve flatten slightly, to 25bps of inversion, from 31bps in the session prior.
- **USD hurts commodities.** The other major news overnight was another strong move higher in the **USD** – this time touching a level of 109.98, before ultimately settling at 109.63. The strength weighed on virtually all commodities, with **oil** off 3%, **tin** 3%, **uranium** 3%, **copper** 3% and precious metals **gold** and **silver** each 1% lower.
- **Futures point higher.** Despite the mixed lead from Wall Street (and extreme weakness in commodity markets), local stocks look likely to open higher when trading commences this morning – with ASX futures currently up by 20pts or ~0.3% at the time of writing.
- **US jobs tonight.** In economic news, today will be all about the NFP's report later this evening – where job adds of 300k are expected for the month (down from 526k in August), while the unemployment rate is forecast to remain flat at 3.5%.

World Indices	Close	Prior	% Δ
<u>Local Markets</u>			
All Ordinaries	7,079.9	7,226.1	-2.0%
ASX 200	6,845.6	6,986.8	-2.0%
ASX Emerging Companies	2,221.8	2,278.6	-2.5%

<u>US Markets</u>			
Dow Jones	31,656.4	31,510.4	0.5%
S&P500	3,966.9	3,955.0	0.3%
Nasdaq	11,785.1	11,816.2	-0.3%
Russell 2000	1,822.8	1,844.1	-1.2%

<u>Asian & European Markets</u>			
Shanghai Composite	3,185.0	3,202.1	-0.5%
Nikkei	27,661.5	28,091.5	-1.5%
Hang Seng	19,597.3	19,954.4	-1.8%
FTSE 100	7,148.5	7,284.2	-1.9%
DAX 30	12,630.2	12,835.0	-1.6%
CAC 40	6,034.3	6,125.1	-1.5%

Economic Releases	Time	F'cast	Prior
US Non-Farm Payrolls	22:30	300k	528k
US Unemployment Rate	22:30	3.5%	3.5%
US Avg. Hourly Earnings (YoY)	22:30	5.3%	5.2%

Key BW Names	Close	Prior	% Δ
Forbidden Foods	0.095	0.088	8.0%
Elementos	0.345	0.340	1.5%
Hydralyte	0.120	0.120	0.0%
Alderan Resources	0.011	0.011	0.0%

Commodities	Close	Prior	% Δ
Oil - West Texas Crude	86.41	89.14	-3.1%
Gold	1,696.1	1,710.7	-0.9%
Gold (Aus)	2,498.3	2,501.0	-0.1%
Silver	17.79	17.97	-1.0%
Uranium (Spot)	52.38	53.50	-2.1%
Tin (Futures)	23,000	23,600	-2.5%

Currency	Close	Prior	% Δ
DXY Index	109.63	108.69	0.9%
AUD/USD	0.6789	0.6840	-0.7%
AUD/GBP	0.5883	0.5890	-0.1%
AUD/EUR	0.6826	0.6805	0.3%
AUD/YEN	95.17	95.12	0.1%
AUD/NZD	1.1167	1.1175	-0.1%
AUD/CAD	0.8930	0.8987	-0.6%

Other Markets	Close	Prior	% Δ
VIX Index	25.56	25.87	-1.2%
2-Year Treasury Yield (%)	3.516	3.442	7 bp
10-Year Treasury Yield (%)	3.264	3.134	13 bp
US 2-10-Year Spread	-0.252	-0.308	6 bp