

20 September 2022

ASX futures +0.8% on strong lead from Wall Street, yields higher again

- Global markets.** It was a much stronger session for US equities overnight despite a weak open, which saw many of the major indices lower by ~1% before rallying sharply late in the session (particularly the last hour). For the day, all major indices closed up in a range of 0.6% (Dow) to 0.8% (Nasdaq & Russell 2000). While over in Europe, stocks were mixed.
- From a sector perspective,** 10 of the S&P's 12 sectors closed in the green, led by **Materials** (+1.6%) and **Industrials** (+1.3%), while the only two groups finishing lower on the day were **Real Estate** (-0.2%) and **Healthcare** (-0.5%) – with the latter weak as President Biden called an end to the pandemic, seeing vaccine makers **Pfizer** (-1.3%) and **Moderna** (-7%) move sharply lower.
- 10-year yield hits 11yr high.** Despite the strong night for equities, it was more of the same in fixed income markets, with yields higher along the curve – including a relatively sharp 6bps move in the 2-year and 4bp move in the 10-year (which hit 3.5% briefly for the first time since 2011). Relative strength at the long-end saw the 2-10-year yield curve invert further and is currently at -44bps, from -42bp prior.
- In other markets,** the **USD** was ~unchanged, but remains near decade highs at ~110 on the DXY. Elsewhere, **commodities** were a mixed bag with **oil** up slightly, **uranium** higher by 2%, **silver** and **gold** ~flat and **tin** also unchanged on the day. The **VIX Index** lost 2% but remains elevated at a level of ~26.
- Futures point higher.** Following the strong lead from Wall Street, it appears local stocks will open higher when trading commences this morning – with ASX futures currently up by 55 points, or ~0.8% at the time of writing. In economics, today sees inflation data out from Japan and Canada, while ECB President Lagarde will speak tomorrow morning (local time).

World Indices	Close	Prior	% Δ
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Local Markets

All Ordinaries	6,948.6	6,975.2	-0.4%
ASX 200	6,719.9	6,739.1	-0.3%
ASX Emerging Companies	2,185.0	2,211.6	-1.2%

US Markets

Dow Jones	31,019.7	30,822.4	0.6%
S&P500	3,899.9	3,873.3	0.7%
Nasdaq	11,535.0	11,448.4	0.8%
Russell 2000	1,812.8	1,798.2	0.8%

Asian & European Markets

Shanghai Composite	3,115.6	3,126.4	-0.3%
Nikkei	27,567.7	27,567.7	0.0%
Hang Seng	18,566.0	18,761.7	-1.0%
FTSE 100	7,236.7	7,236.7	0.0%
DAX 30	12,803.2	12,741.3	0.5%
CAC 40	6,061.6	6,077.3	-0.3%

Economic Releases	Time	F'cast	Prior
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Japanese Inflation	9:30		2.6%
Japanese Core Inflation	9:30	2.7%	2.4%
Canada Core Inflation	22:30		6.1%
ECB's Lagarde Speaks	03:00 (+1)		

Key BW Names	Close	Prior	% Δ
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Hydralyte	0.130	0.110	18.2%
Alderaan Resources	0.010	0.009	11.1%
Selfwealth	0.200	0.195	2.6%
Jervois Mining	0.520	0.515	1.0%

Commodities	Close	Prior	% Δ
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Oil - West Texas Crude	85.73	85.49	0.3%
Gold	1,675.7	1,677.6	-0.1%
Gold (Aus)	2,488.8	2,496.4	-0.3%
Silver	19.56	19.57	-0.1%
Uranium (Spot)	48.00	47.25	1.6%
Tin (Futures)	20,905	20,905	0.0%

Currency	Close	Prior	% Δ
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DXY Index	109.59	109.70	-0.1%
AUD/USD	0.6733	0.6720	0.2%
AUD/GBP	0.5885	0.5884	0.0%
AUD/EUR	0.6714	0.6711	0.0%
AUD/YEN	96.45	96.15	0.3%
AUD/NZD	1.1290	1.1212	0.7%
AUD/CAD	0.8918	0.8917	0.0%

Other Markets	Close	Prior	% Δ
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VIX Index	25.76	26.30	-2.1%
2-Year Treasury Yield (%)	3.927	3.867	6 bp
10-Year Treasury Yield (%)	3.492	3.453	4 bp
US 2-10-Year Spread	-0.435	-0.414	-2 bp