

21 September 2022

Futures slip on US weakness, Fed rate decision and projections tonight

- Global markets.** US equities had a weak session overnight due to fear and uneasiness leading into the Fed's interest rate decision (tonight). It was the small cap Russell 2000 which lost the most ground, slipping -1.4%, whilst the Dow, S&P and Nasdaq all lost ~1.0-1.1%. European indices had a similar session, whilst Asian indices were up, notably the Hang Seng, gaining +1.2%. Finally, the Russian Moex, crashed -8.8% yesterday, on fears that Putin would escalating his war.
- Yields just keep rising.** It was another harsh day for the fixed income sector, as yields rose across the board – perhaps indicating further downside for equities. The 2-Year added +4bps, closing at ~3.97%, touching 4% intraday for the first time since October 2007. Moreover, the 10-Year rose +7bps, resulting in a 2-10 inversion of ~41bps.
- In other markets, WTI Crude** also traded lower, falling another -1.5%, whilst **tin** also fell -2.4%. The precious metals were down as well, with **gold** off 0.6% and **silver** down 1.5%. In currency news, the **USD** rose against a basket of currencies, as the **DXY** added +0.5%. The uncertainty and fear was also reflected in the rise of the **VIX**, which jumped +5.4%, crossing 27.
- Futures point lower.** Following the soft lead from Wall Street, it appears the ASX is set to slip on the open, with ASX futures down by 77 points, or -1.1% at the time of writing.
- Fed rate decision tonight.** Tonight, all eyes will be on the Fed's latest rate decision – which is anticipated to be a +75bps hike, with the market assigning an outside (~20%) chance of a 100bp hike. Tonight's meeting will also see quarterly FOMC Economic projects released, with a Jay Powell press conference afterwards. Locally, the Westpac Leading Index will also be released today (10:30am).

World Indices	Close	Prior	% Δ
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Local Markets

All Ordinaries	7,030.0	6,948.6	1.2%
ASX 200	6,806.4	6,719.9	1.3%
ASX Emerging Companies	2,186.3	2,185.0	0.1%

US Markets

Dow Jones	30,706.2	31,019.7	-1.0%
S&P500	3,855.9	3,899.9	-1.1%
Nasdaq	11,425.1	11,535.0	-1.0%
Russell 2000	1,787.5	1,812.8	-1.4%

Asian & European Markets

Shanghai Composite	3,122.4	3,115.6	0.2%
Nikkei	27,688.4	27,567.7	0.4%
Hang Seng	18,781.4	18,566.0	1.2%
FTSE 100	7,192.7	7,236.7	-0.6%
DAX 30	12,670.8	12,803.2	-1.0%
CAC 40	5,979.5	6,061.6	-1.4%

Economic Releases	Time	F'cast	Prior
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Westpac Leading Index	10:30		-0.2%
Fed Rate Decision	4:00	3.3%	2.5%
FOMC Economic Projections	4:00		
Fed Press Conference	4:30		

Key BW Names	Close	Prior	% Δ
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Elementos	0.325	0.295	10.2%
Jervois Mining	0.545	0.520	4.8%
Family Zone Cyber Security	0.320	0.310	3.2%
Lotus Resources	0.240	0.235	2.1%

Commodities	Close	Prior	% Δ
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Oil - West Texas Crude	84.45	85.73	-1.5%
Gold	1,664.8	1,675.7	-0.6%
Gold (Aus)	2,489.6	2,488.8	0.0%
Silver	19.26	19.56	-1.5%
Uranium (Spot)	48.00	48.00	0.0%
Tin (Futures)	20,400	20,905	-2.4%

Currency	Close	Prior	% Δ
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DXY Index	110.19	109.59	0.5%
AUD/USD	0.6687	0.6733	-0.7%
AUD/GBP	0.5879	0.5885	-0.1%
AUD/EUR	0.6708	0.6714	-0.1%
AUD/YEN	96.09	96.45	-0.4%
AUD/NZD	1.1342	1.1290	0.5%
AUD/CAD	0.8939	0.8918	0.2%

Other Markets	Close	Prior	% Δ
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VIX Index	27.16	25.76	5.4%
2-Year Treasury Yield (%)	3.971	3.927	4 bp
10-Year Treasury Yield (%)	3.564	3.492	7 bp
US 2-10-Year Spread	-0.407	-0.435	3 bp