

25 August 2022

Markets solid overnight, uranium names explode on Japan restart news

- **Global markets.** It was a better session for stocks overnight, with the three major US indices higher in a range of 0.2% - 0.4% (Nasdaq led, Dow trailed), while the small cap Russell 2000 was stronger still, adding 0.8% for the day. Over in Europe, the FTSE lost minor ground, while the DAX and CAC closed up – also within a 0.2%-0.4% range.
- **From a sector perspective,** last night's gains were extremely broad-based, with all 11 S&P sub-sectors closing in the green – led by **Energy** (+1.2%) and **Real Estate** (+0.7%) sectors, with **Tech** (+0.1%) and **Healthcare** (+0.1%) trailing. Drilling down further, the **cruise lines** were all strong, with **Norwegian**, **Royal Caribbean** and **Carnival** up 5%-8%.
- **Uranium names rip.** It was also a huge session for uranium equities, with **URNM** and **URA** ETFs higher by 14% and 12% respectively, while the **SPUT** also rose 13% (completely closing its discount to NAV which has persisted for months). The day's catalyst was news that Japan would look to both consider building next-generation nuclear plants and restart mothballed facilities – in a move aimed at curbing emissions and ensuring future electricity supply.
- **In other markets,** the **uranium** spot price rose 1% (as alluded to above), as did **WTI crude**, while other **commodities** were also strong, albeit less-so, with **gold**, **silver** and **copper** all adding ground over the day. In **currency** markets, the **USD** was ~flat against a basket of peers, as was the **AUD**. **Yields** continued their march higher, with the US 2-year up 11bps and the 10-year 6bps; as investors await comments from the Fed's Jackson Hole symposium which kicks off tonight. And finally, the **VIX Index** fell 5% on account of the days equity market strength.
- **Futures point higher.** Unsurprisingly, it appears the ASX will open comfortably higher this morning – with futures currently up by 31 points. In economic news key events include the German GDP and business climate readings, ECB policy minutes and US weekly jobless claims.

World Indices	Close	Prior	% Δ
<u>Local Markets</u>			
All Ordinaries	7,242.3	7,199.2	0.6%
ASX 200	6,998.1	6,961.8	0.5%
ASX Emerging Companies	2,250.0	2,231.5	0.8%

<u>US Markets</u>			
Dow Jones	32,969.2	32,909.6	0.2%
S&P500	4,140.8	4,128.7	0.3%
Nasdaq	12,431.5	12,381.3	0.4%
Russell 2000	1,935.3	1,919.1	0.8%

<u>Asian & European Markets</u>			
Shanghai Composite	3,215.2	3,276.2	-1.9%
Nikkei	28,313.5	28,452.8	-0.5%
Hang Seng	19,268.7	19,503.3	-1.2%
FTSE 100	7,471.5	7,488.1	-0.2%
DAX 30	13,220.1	13,194.2	0.2%
CAC 40	6,386.8	6,362.0	0.4%

Economic Releases	Time	F'cast	Prior
German GDP	16:00	1.4%	3.6%
German Business Climate	18:00	86.8	88.6
ECB Meeting Minutes	21:30		
US Q2 GDP (2nd est.)	22:30	-0.8%	-1.6%
US Initial Jobless Claims	22:30	253k	250k
US Continuing Jobless Claims	22:30	1.44m	1.44m

Key BW Names	Close	Prior	% Δ
Jervois Mining	0.505	0.460	9.8%
Lotus Resources	0.230	0.210	9.5%
Frontier Energy	0.365	0.345	5.8%
Elementos	0.375	0.370	1.4%

Commodities	Close	Prior	% Δ
Oil - West Texas Crude	94.89	93.75	1.2%
Gold	1,750.9	1,747.2	0.2%
Gold (Aus)	2,533.9	2,522.2	0.5%
Silver	19.12	19.12	0.0%
Uranium (Spot)	48.50	48.00	1.0%
Tin (Futures)	24,150	24,213	-0.3%

Currency	Close	Prior	% Δ
DXY Index	108.61	108.51	0.1%
AUD/USD	0.6910	0.6927	-0.2%
AUD/GBP	0.5858	0.5854	0.1%
AUD/EUR	0.6932	0.6948	-0.2%
AUD/YEN	94.74	94.70	0.0%
AUD/NZD	1.1165	1.1148	0.2%
AUD/CAD	0.8962	0.8976	-0.2%

Other Markets	Close	Prior	% Δ
VIX Index	22.82	24.11	-5.4%
2-Year Treasury Yield (%)	3.392	3.285	11 bp
10-Year Treasury Yield (%)	3.109	3.049	6 bp
US 2-10-Year Spread	-0.283	-0.236	-5 bp