

12 August 2022

Strong lead from Wall Street (>1%) ahead of Jackson Hole tonight

- **Global markets.** Stocks had an incredibly strong session overnight, ahead of the conclusion of this evening's Jackson Hole symposium and subsequent press conference from Fed Chair Powell. For the session, all major US indices were up in a range of 1.0% - 1.7% (Nasdaq led, Dow lagged), while small cap names were also strong, with the Russell 2000 adding 1.5% for the day. The intraday range on stocks was relatively tight until the final hour of trade when markets moved higher by ~1%. Elsewhere, European equities ended mostly flat.
- **From a sector perspective,** overnight gains were broad-based, with all 11 sub-sectors of the S&P 500 rising. The day's gains were led by **Materials** (+2.2%) and **Communication Services** (+2%), with **Energy** (+0.8%) and **Staples** (+0.5%) the laggards – the former on the back of a weaker oil price.
- **Yields curve keeps flattening.** In fixed income markets, the 2-year Treasury yield was surprisingly flat ahead of tonight's Powell speech, although the 10-year lost 8bps; dramatically adding to the level of inversion already witnessed in the curve – down to 36bps, from 28bps previously.
- **In other markets,** the **USD** was lower against a basket of currencies, the **AUD** stronger against all major crosses (on broad commodity strength), **oil** lost 2% but that's about where it ended; with **tin**, **uranium**, **silver** and **gold** all higher on the day. Elsewhere, the **VIX Index** lost 5% and is back at 22, while **cryptocurrencies** were ~flattish on the day.
- **Futures point higher.** Unsurprisingly, given the strong lead from Wall Street, it appears local stocks will open sharply higher when trading commences this morning – with ASX futures currently ahead by 9 points, or ~0.1% at the time of writing. Outside of Powell's speech, German consumer confidence and US PCE figures are also out.

World Indices	Close	Prior	% Δ
<u>Local Markets</u>			
All Ordinaries	7,291.9	7,242.3	0.7%
ASX 200	7,048.1	6,998.1	0.7%
ASX Emerging Companies	2,278.6	2,250.0	1.3%
<u>US Markets</u>			
Dow Jones	33,291.8	32,969.2	1.0%
S&P500	4,199.1	4,140.8	1.4%
Nasdaq	12,639.3	12,431.5	1.7%
Russell 2000	1,964.6	1,935.3	1.5%
<u>Asian & European Markets</u>			
Shanghai Composite	3,246.3	3,215.2	1.0%
Nikkei	28,479.0	28,313.5	0.6%
Hang Seng	19,968.4	19,268.7	3.6%
FTSE 100	7,479.7	7,471.5	0.1%
DAX 30	13,272.0	13,220.1	0.4%
CAC 40	6,381.6	6,386.6	-0.1%
<u>Economic Releases</u>			
	Time	F'cast	Prior
German Cons. Confidence	16:00	-31.8	-30.6
US Core PCE	22:30	4.7%	4.8%
US PCE	22:30		6.8%
Fed Chair Powell Speech	00:00		
Michigan Cons. Sentiment	00:00	55.2	51.5
<u>Key BW Names</u>			
	Close	Prior	% Δ
Lotus Resources	0.260	0.230	13.0%
Forbidden Foods	0.105	0.100	5.0%
Jervois Mining	0.520	0.505	3.0%
Family Zone Cyber Security	0.400	0.395	1.3%
<u>Commodities</u>			
	Close	Prior	% Δ
Oil - West Texas Crude	92.95	94.89	-2.0%
Gold	1,757.7	1,750.9	0.4%
Gold (Aus)	2,517.8	2,514.6	0.1%
Silver	19.24	19.12	0.6%
Uranium (Spot)	48.50	48.50	0.0%
Tin (Futures)	24,525	24,150	1.6%
<u>Currency</u>			
	Close	Prior	% Δ
DXY Index	108.42	108.61	-0.2%
AUD/USD	0.6981	0.6963	0.3%
AUD/GBP	0.5898	0.5858	0.7%
AUD/EUR	0.6997	0.6932	0.9%
AUD/YEN	95.23	94.74	0.5%
AUD/NZD	1.1215	1.1165	0.4%
AUD/CAD	0.9025	0.8962	0.7%
<u>Other Markets</u>			
	Close	Prior	% Δ
VIX Index	21.78	22.82	-4.6%
2-Year Treasury Yield (%)	3.392	3.392	0 bp
10-Year Treasury Yield (%)	3.029	3.109	-8 bp
US 2-10-Year Spread	-0.363	-0.283	-8 bp

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