

29 August 2022

Markets fall sharply on hawkish Powell comments, ASX futures -1.5%

- **Futures 1.5% lower.** Following a disaster session on Wall Street Friday night (which has continued in futures markets this morning), local stocks appear likely to open lower when trading commences – with ASX futures currently off by 104 points, or ~1.5%. Today's key economic release will be local retail sales at 11:30am; where a MoM gain of 0.3% is forecast.
- **Powell comments roil markets.** With markets on edge ahead of Friday night's speech from Jerome Powell, the Fed Chairman did not disappoint – delivering an extremely hawkish message that rates simply would not be coming down until price stability was achieved, nothing the Fed would use its tools "forcefully" to bring supply and demand into balance, even if that required bringing "some pain to households and businesses" as a "necessary cost of reducing inflation".
- **US markets all off 3-4%.** The market's reaction to the abovementioned comments was swift; with all key indices heading lower in the moments following the speech and continuing lower over the course of the session, to close at the lows of the day. For the session the Nasdaq was the worst performer – off 3.9% - while the Dow Jones was 'best' of the group, losing 3%. European markets were similarly weak following the comments, all lower by ~1-3%.
- **In other markets, the USD** was notably strong once again – rising 0.5% against a basket of currencies – while the **AUD** was lower against most major crosses, and by 1.2% against the USD. **Oil** was also slightly lower on the day, down 0.4%, while **gold** and **silver** lost 1% and 2% respectively. **Yields** were surprisingly contained, with both the 2 and 10-year ending the session more-or-less where they began. Finally, the **VIX** rose 17% on account of the day's heightened volatility.
- **This week in economics.** Key events this week include: Eurozone inflation, Manufacturing PMIs and US non-farm payrolls on Friday night.

World Indices	Close	Prior	% Δ
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Local Markets

All Ordinaries	7,345.8	7,291.9	0.7%
ASX 200	7,104.1	7,048.1	0.8%
ASX Emerging Companies	2,267.2	2,278.6	-0.5%

US Markets

Dow Jones	32,283.4	33,291.8	-3.0%
S&P500	4,057.7	4,199.1	-3.4%
Nasdaq	12,141.7	12,639.3	-3.9%
Russell 2000	1,899.8	1,964.6	-3.3%

Asian & European Markets

Shanghai Composite	3,236.2	3,246.3	-0.3%
Nikkei	28,641.4	28,479.0	0.6%
Hang Seng	20,170.0	19,968.4	1.0%
FTSE 100	7,427.3	7,479.7	-0.7%
DAX 30	12,971.5	13,272.0	-2.3%
CAC 40	6,274.3	6,381.6	-1.7%

Economic Releases	Time	F'cast	Prior
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Retail Sales (MoM)	11:30	0.3%	0.2%
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Key BW Names	Close	Prior	% Δ
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Alderan Resources	0.011	0.010	10.0%
Frontier Energy	0.395	0.370	6.8%
Jervois Mining	0.525	0.520	1.0%
Selfwealth	0.200	0.200	0.0%

Commodities	Close	Prior	% Δ
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Oil - West Texas Crude	92.61	92.95	-0.4%
Gold	1,737.7	1,757.7	-1.1%
Gold (Aus)	2,526.1	2,524.3	0.1%
Silver	18.83	19.24	-2.1%
Uranium (Spot)	48.50	48.50	0.0%
Tin (Futures)	24,250	24,525	-1.1%

Currency	Close	Prior	% Δ
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DXY Index	108.96	108.42	0.5%
AUD/USD	0.6879	0.6963	-1.2%
AUD/GBP	0.5879	0.5898	-0.3%
AUD/EUR	0.6908	0.6997	-1.3%
AUD/YEN	94.83	95.23	-0.4%
AUD/NZD	1.1226	1.1215	0.1%
AUD/CAD	0.8974	0.9025	-0.6%

Other Markets	Close	Prior	% Δ
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VIX Index	25.56	21.78	17.4%
2-Year Treasury Yield (%)	3.382	3.392	-1 bp
10-Year Treasury Yield (%)	3.030	3.029	0 bp
US 2-10-Year Spread	-0.352	-0.363	1 bp

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