

7 September 2022

Markets lower overnight as NS1 closure rattles investors, yields rip

- Global markets.** It was another day in the red for US equities, as all the major indices lost between 0.4-1.0%. Indeed, it was the small cap Russell 2000 (-1.0%) and the tech-heavy Nasdaq (-0.7%) that lead losses, whilst the S&P and Dow Jones saw smaller declines of 0.4%/0.6% respectively. Interestingly, the **Nasdaq** is now down 7 days in a row, losing a colossal -8.7% and making it the longest losing streak since November 2016. Elsewhere, European and Asian indices were broadly up, with the Shanghai Composite (+1.4%) the standout performer.
- Yield curve steepens.** It was another busy and chaotic day for the fixed income market, with the 2-10-Year yield curve steepening by 4bps. This comes as the short-end outperformed. The 2-Year added +11bps and the 10-Year +14bps for the session. Moreover, the 30-Year hit its highest yield since 2014.
- It was a weak day for precious metals as **gold** slipped -0.7% and **silver** fell -1.3%. In currency markets, the **USD** continued to soar against a basket of currencies as the DXY crossed 110, hitting its highest level since late 2001. More uncertainty crept into the market, as the **VIX** rose +3.5%, almost reaching 27.
- Futures point lower.** Following the weak lead from US equities, the ASX is poised to slip when trading commences this morning – with ASX futures down 0.5%, or 37bps at the time of writing.
- Economics.** Today, some key economic figures are being released including: locally, the Q2 GDP (both QoQ and YoY) are being announced this morning, and are expected to come in at +1.0% and +3.5% respectively. Overseas, the Eurozone Q2 GDP, BOC rate decision, the US Beige Book will be released, along with comments from Fed speakers Barkin, Mester and Brainard.

World Indices	Close	Prior	% Δ
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Local Markets

All Ordinaries	7,055.9	7,074.5	-0.3%
ASX 200	6,826.5	6,852.2	-0.4%
ASX Emerging Companies	2,226.6	2,203.2	1.1%

US Markets

Dow Jones	31,145.3	31,318.4	-0.6%
S&P500	3,908.2	3,924.3	-0.4%
Nasdaq	11,544.9	11,630.9	-0.7%
Russell 2000	1,792.3	1,809.8	-1.0%

Asian & European Markets

Shanghai Composite	3,243.5	3,199.9	1.4%
Nikkei	27,626.5	27,619.6	0.0%
Hang Seng	19,202.7	19,225.7	-0.1%
FTSE 100	7,300.4	7,287.4	0.2%
DAX 30	12,871.4	12,760.8	0.9%
CAC 40	6,104.6	6,093.2	0.2%

Economic Releases	Time	F'cast	Prior
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Q2 GDP (YoY)	11:30	3.5%	3.3%
Q2 GDP (QoQ)	11:30	1.0%	0.8%
Eurozone GDP (YoY)	19:00	3.9%	5.4%
BOC Rate Decision	0:00	3.25%	2.50%
Fed Beige Book	4:00		
Multiple Fed Speakers	Various		

Key BW Names	Close	Prior	% Δ
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Lotus Resources	0.280	0.240	16.7%
Forbidden Foods	0.092	0.088	4.5%
Dubber Corporation	0.580	0.555	4.5%
Hydralyte	0.120	0.120	0.0%

Commodities	Close	Prior	% Δ
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Oil - West Texas Crude	86.87	89.16	-2.6%
Gold	1,700.8	1,712.1	-0.7%
Gold (Aus)	2,527.2	2,513.7	0.5%
Silver	17.97	18.20	-1.3%
Uranium (Spot)	51.00	51.00	0.0%
Tin (Futures)	21,698	21,225	2.2%

Currency	Close	Prior	% Δ
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DXY Index	110.25	109.79	0.4%
AUD/USD	0.6730	0.6811	-1.2%
AUD/GBP	0.5848	0.5896	-0.8%
AUD/EUR	0.6802	0.6847	-0.7%
AUD/YEN	96.42	95.71	0.7%
AUD/NZD	1.1156	1.1158	0.0%
AUD/CAD	0.8853	0.8943	-1.0%

Other Markets	Close	Prior	% Δ
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VIX Index	26.91	25.99	3.5%
2-Year Treasury Yield (%)	3.509	3.402	11 bp
10-Year Treasury Yield (%)	3.342	3.199	14 bp
US 2-10-Year Spread	-0.167	-0.203	4 bp