

0 September 2022

Stocks higher overnight despite rising yields, ECB hikes 75bps

- **Global markets.** It was another reasonably strong overnight session for stocks – marking a second consecutive day of gains – as all major US indices closed higher in a range of 0.6% (Dow/Nasdaq) to 0.8% (Russell) and near their highs of the day after moving from red to green for much of the session. In Europe, markets were ~flat, with the DAX lower and FTSE and CAC up 0.3% a piece.
- **ECB hikes 75bps.** In economics, the major event overnight was a 75bp hike from the ECB – being the largest in the history of the bank – taking the region’s benchmark rate from 0.5% to 1.25%. During her press conference following the decision, President Lagarde noted the bank was “not on target in our forecast” and would “have to take action” to arrive at its ultimate “2% medium-term target”. The news had surprisingly little impact on the **EUR**, which ended the day ~unchanged against the **USD**.
- **Yields higher.** In other central bank news, Fed Chair Powell was also out delivering a continuation of his hawkish message, noting the Fed would continue to “forcefully” fight inflation. The mix of hawkishness from both the Fed and ECB saw yields back on the rise – with the 2-year up 8bps and 10-year up 6bps. Both are once again approaching their highs of the recent cycle.
- **In other markets,** the **USD** was ~flat against a basket of currencies, as was the **AUD**. In commodity news, **tin** was soft, **oil** rose ~1%, **gold** was down 1% and **copper** was strong, up ~3% for the day. The **VIX Index** fell 4% on account of the day’s lack of equity market volatility.
- **Futures ~flat.** Despite the strong lead from Wall Street, it appears local stocks will open ~flat when trading begins today, with ASX futures currently up by just 4 points, or <0.1%. In economics, today’s major news will include Chinese CPI data and some more central bank speak from Fed members Evans, George and Waller.

World Indices	Close	Prior	% Δ
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Local Markets

All Ordinaries	7,085.3	6,959.3	1.8%
ASX 200	6,848.7	6,729.3	1.8%
ASX Emerging Companies	2,230.0	2,210.7	0.9%

US Markets

Dow Jones	31,774.5	31,581.3	0.6%
S&P500	4,006.2	3,979.9	0.7%
Nasdaq	11,862.1	11,791.9	0.6%
Russell 2000	1,846.9	1,832.0	0.8%

Asian & European Markets

Shanghai Composite	3,235.6	3,246.3	-0.3%
Nikkei	28,065.3	27,430.3	2.3%
Hang Seng	18,854.6	19,044.3	-1.0%
FTSE 100	7,262.1	7,237.8	0.3%
DAX 30	12,904.3	12,916.0	-0.1%
CAC 40	6,125.9	6,105.9	0.3%

Economic Releases	Time	F'cast	Prior
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China Inflation	11:30	2.8%	2.7%
Fed Speakers	Various		

Key BW Names	Close	Prior	% Δ
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Elementos	0.330	0.280	17.9%
Forbidden Foods	0.091	0.085	7.1%
Family Zone Cyber Security	0.325	0.315	3.2%
Jervois Mining	0.510	0.495	3.0%

Commodities	Close	Prior	% Δ
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Oil - West Texas Crude	82.83	81.85	1.2%
Gold	1,708.5	1,718.0	-0.6%
Gold (Aus)	2,530.4	2,539.2	-0.3%
Silver	18.54	18.47	0.4%
Uranium (Spot)	51.25	51.25	0.0%
Tin (Futures)	20,500	21,450	-4.4%

Currency	Close	Prior	% Δ
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DXY Index	109.64	109.53	0.1%
AUD/USD	0.6752	0.6766	-0.2%
AUD/GBP	0.5867	0.5863	0.1%
AUD/EUR	0.6752	0.6762	-0.1%
AUD/YEN	97.21	97.42	-0.2%
AUD/NZD	1.1144	1.1140	0.0%
AUD/CAD	0.8837	0.8876	-0.4%

Other Markets	Close	Prior	% Δ
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VIX Index	23.61	24.64	-4.2%
2-Year Treasury Yield (%)	3.522	3.443	8 bp
10-Year Treasury Yield (%)	3.323	3.267	6 bp
US 2-10-Year Spread	-0.199	-0.176	-2 bp