

5 October 2022

Stocks rally again as JOLTS comes in soft, global PMIs due today

- **Global markets.** For a second consecutive session, equities ripped, with all markets across Europe and the US materially higher overnight, in a range of 2.6% (FTSE) to 4.2% (DAX). All 11 of the S&P 500's sub-sectors also finished in the green, led by **Energy** (+4.4%) – on the back of a strong oil rebound – and **Financials** (+3.8%).
- **Weak JOLTS report.** Last night's strength came on the back of an extremely weak JOLTS report, which showed job openings in the US fell by more than 1.1m for the month of August (to just over 10m, from 11m previously). With US employment having been frustratingly resilient in recent times, the market took this as a sign that Fed tightening was finally finding its way into the labour market.
- **In other markets,** the **USD** fell to 10-day lows, after having fallen for 5 consecutive days, for its worst 5-day streak since March 2020. This weakness in turn supported **commodity** prices, with **oil** up 4%, **gold** and **silver** once again strong – up ~2% a piece, and **copper** et al, also strong. Elsewhere, the **VIX Index** lost 3% on account of the equity market strength. And finally, despite the big moves in equity markets, fixed income was relatively stable, with both the 2-year and 10-year **Treasury** ~unchanged.
- **Futures point higher.** Following the strong lead from Wall Street, it appears local stocks will open sharply higher once again when trade commences, with ASX futures currently up by 107pts, or ~1.6% at the time of writing.
- **In economics,** today's major economic news will be all about non-manufacturing PMIs from across the globe, with local PMIs due at 11:30am, followed by Spain, Italy, France, Germany, the Eurozone broadly and the US early tomorrow morning. The US ISM is expected to show a reading of 56.0, down from 56.9 last month, yet still strong by historical standards. In other news, local retail sales are also due today as is a speech from the Fed's Bostic.

World Indices	Close	Prior	% Δ
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<u>Local Markets</u>			
All Ordinaries	6,905.3	6,656.4	3.7%
ASX 200	6,699.3	6,456.9	3.8%
ASX Emerging Companies	2,083.8	2,010.3	3.7%

<u>US Markets</u>			
Dow Jones	30,316.3	29,490.9	2.8%
S&P500	3,790.9	3,678.4	3.1%
Nasdaq	11,176.4	10,815.4	3.3%
Russell 2000	1,775.8	1,708.9	3.9%

<u>Asian & European Markets</u>			
Shanghai Composite	3,024.4	3,024.4	0.0%
Nikkei	26,992.2	26,215.8	3.0%
Hang Seng	17,079.5	17,079.5	0.0%
FTSE 100	7,086.5	6,908.8	2.6%
DAX 30	12,670.5	12,209.5	3.8%
CAC 40	6,039.7	5,794.2	4.2%

Economic Releases	Time	F'cast	Prior
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S&PG Services PMI	11:30		50.2
Retail Sales (MoM)	11:30		1.3%
Global PMIs	Various		
US ISM Non-Manufacturing PMI	1:00	56.0	56.9
Fed's Bostic Speaks	7:00		

Key BW Names	Close	Prior	% Δ
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Lotus Resources	0.235	0.215	9.3%
Jervois Mining	0.535	0.505	5.9%
Forbidden Foods	0.091	0.087	4.6%
Elementos	0.300	0.295	1.7%

Commodities	Close	Prior	% Δ
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Oil - West Texas Crude	86.52	83.36	3.8%
Gold	1,726.2	1,698.5	1.6%
Gold (Aus)	2,655.3	2,609.9	1.7%
Silver	21.08	20.69	1.9%
Uranium (Spot)	48.50	48.50	0.0%
Tin (Futures)	20,200	20,725	-2.5%

Currency	Close	Prior	% Δ
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DX Index	110.19	111.66	-1.3%
AUD/USD	0.6501	0.6508	-0.1%
AUD/GBP	0.5667	0.5750	-1.4%
AUD/EUR	0.6511	0.6623	-1.7%
AUD/YEN	93.70	94.10	-0.4%
AUD/NZD	1.1360	1.1386	-0.2%
AUD/CAD	0.8785	0.8873	-1.0%

Other Markets	Close	Prior	% Δ
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VIX Index	29.07	30.10	-3.4%
2-Year Treasury Yield (%)	4.101	4.109	-1 bp
10-Year Treasury Yield (%)	3.637	3.636	0 bp
US 2-10-Year Spread	-0.464	-0.473	1 bp