

17 October 2022

## Markets to open lower, Hydralyte secures A\$12m in fresh funding

- **Futures point lower.** Following weak sentiment and performance in the US on Friday night, the ASX is expected to fall at the open, with futures down ~100 points or -1.5% as of writing.
- **In economics,** major events this week will include: China's 20<sup>th</sup> National Congress, which runs for the balance of the week, Eurozone economic sentiment readings (Tue), UK and Eurozone inflation figures (Wed), local jobs figures (Thu), global PMIs (Fri) and a raft of central bank speakers scattered throughout the week.
- **Global markets on Friday.** It was another volatile end to the week, as US indices all lost significant value, despite being up in early trading. It was the tech-heavy Nasdaq which led the declines, off 3.1%, followed by the Russell (-2.7%), S&P (-2.4%) and Dow (-1.3%). Elsewhere, Asian and European stocks finished up.
- **In other markets,** commodities traded lower, as **WTI Crude** fell -3.9% amid an unexpected jump in rig counts, **gold** (-1.2%) outperformed **silver** (-3.2%), despite both ending lower, **tin** remained unchanged and **uranium** added +0.5%. In currencies, the USD rose against a basket of currencies, with the **DX** up 0.8%. Lastly, the **VIX** (+0.3%) unsurprisingly remains elevated, closing above 32.
- **Yields** finished the week higher across the board, with the short-end underperforming. On Friday, the 2-Year added +4bps, crossing above a 4.5% yield. The 10-Year also crossed 4% as it gained +8bps. Thus, the 2-10-Year spread stepped +4bps, but remains extremely inverted at -49bps.
- **HPC secures A\$12m loan facility.** This morning, key BW name, Hydralyte, secured A\$12m in loan funding with PURE Asset Management across two tranches of A\$6.5m and A\$5.5m. The loan gives HPC ~A\$20m in available funding, which will be used to increase marketing in the US and explore potential new markets. We retain our BUY recommendation.

World Indices	Close	Prior	% Δ
<u>Local Markets</u>			
All Ordinaries	6,948.6	6,834.5	1.7%
ASX 200	6,758.8	6,642.6	1.7%
ASX Emerging Companies	2,049.9	2,039.7	0.5%

<u>US Markets</u>			
Dow Jones	29,634.8	30,038.7	-1.3%
S&P500	3,583.1	3,669.9	-2.4%
Nasdaq	10,321.4	10,649.2	-3.1%
Russell 2000	1,682.4	1,728.4	-2.7%

<u>Asian &amp; European Markets</u>			
Shanghai Composite	3,072.0	3,016.4	1.8%
Nikkei	27,090.8	26,507.4	2.2%
Hang Seng	16,587.7	16,389.1	1.2%
FTSE 100	6,858.8	6,850.3	0.1%
DAX 30	12,437.8	12,355.6	0.7%
CAC 40	5,931.9	5,879.2	0.9%

Economic Releases	Time	F'cast	Prior
China's National Congress	All day		

Key BW Names	Close	Prior	% Δ
Family Zone Cyber Security	0.280	0.270	3.7%
Elementos	0.315	0.305	3.3%
Selfwealth	0.235	0.230	2.2%
Jervois Mining	0.580	0.575	0.9%

Commodities	Close	Prior	% Δ
Oil - West Texas Crude	85.61	89.11	-3.9%
Gold	1,644.2	1,663.9	-1.2%
Gold (Aus)	2,647.6	2,641.5	0.2%
Silver	18.28	18.88	-3.2%
Uranium (Spot)	50.25	50.00	0.5%
Tin (Futures)	19,925	19,930	0.0%

Currency	Close	Prior	% Δ
DX Index	113.30	112.36	0.8%
AUD/USD	0.6210	0.6299	-1.4%
AUD/GBP	0.5526	0.5570	-0.8%
AUD/EUR	0.6386	0.6435	-0.8%
AUD/YEN	92.25	92.78	-0.6%
AUD/NZD	1.1152	1.1167	-0.1%
AUD/CAD	0.8618	0.8667	-0.6%

Other Markets	Close	Prior	% Δ
VIX Index	32.02	31.94	0.3%
2-Year Treasury Yield (%)	4.511	4.473	4 bp
10-Year Treasury Yield (%)	4.024	3.948	8 bp
US 2-10-Year Spread	-0.487	-0.525	4 bp