

18 November 2022

Stocks end modestly lower overnight as Fed members stay hawkish

- **Global markets.** Stocks closed broadly unchanged in the US overnight, despite opening sharply lower and then rallying throughout the session to close near the highs of the day. For the session, all major indices ex-the Russell ending in a range of +/- 0.5%. In Europe it was a similar story, with the three majors ~unchanged.
- **Bullard/Kashkari deliver hawkish message.** The major events overnight were central bank-related with Jim Bullard kicking off with a presentation that showed interest rates should sit in a range of 5-7% if the Fed is serious about being restrictive (as per the Taylor Rule) – this sent terminal rate bets rising. Then later in the session, Neal Kashkari added to Bullard's hawkishness, noting there are "not much signs of cooling demand yet".
- **From a sector perspective,** only **IT, Energy** and **Consumer Staples** managed to end in the green (and all only very slightly), while **Utilities** (-1.8%) were hammered, **Consumer Discretionary** names (-1.3%) were similarly weak, and **Materials** (-1.0%) rounded out the day's list of worst performers. The once loved **Tesla, Nvidia** and **Amazon** were also notably weak on the day – all falling ~2%.
- **In other markets,** the **USD** rallied 0.4% against a basket of currencies, sending **commodities** lower in most instances (**oil, gold, tin, silver, copper** all down). This commodity weakness in-turn saw the **AUD** weak against all major crosses. Finally, the **VIX Index** fell another 1% and ended the day below a level of 24.
- **Futures ~flat.** Given the lacklustre lead from Wall Street, it appears local stocks will open broadly flat when trading commences this morning – with ASX futures currently ahead by just 6pts, or <0.1%. In economic news, today's major event is Japanese inflation at 10:30am local time – where the country is expected to see core inflation rise to 3.5%, from 3.0% last month.

World Indices	Close	Prior	% Δ
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Local Markets

All Ordinaries	7,339.0	7,327.4	0.2%
ASX 200	7,135.7	7,122.2	0.2%
ASX Emerging Companies	2,208.1	2,212.2	-0.2%

US Markets

Dow Jones	33,546.3	33,553.8	0.0%
S&P500	3,946.6	3,958.8	-0.3%
Nasdaq	11,145.0	11,183.7	-0.3%
Russell 2000	1,839.1	1,853.2	-0.8%

Asian & European Markets

Shanghai Composite	3,115.4	3,120.0	-0.1%
Nikkei	27,930.6	28,028.3	-0.3%
Hang Seng	18,045.7	18,256.5	-1.2%
FTSE 100	7,346.5	7,351.2	-0.1%
DAX 30	14,266.4	14,234.0	0.2%
CAC 40	6,576.1	6,607.2	-0.5%

Economic Releases	Time	F'cast	Prior
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Japanese Inflation	10:30		3.0%
Japanese Core Inflation	10:30	3.5%	3.0%
ECB's Lagarde Speaks	19:30		
Fed's Collins Speaks	0:40		

Key BW Names	Close	Prior	% Δ
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Forbidden Foods	0.065	0.060	8.3%
Hydralyte	0.140	0.130	7.7%
Dubber Corporation	0.350	0.335	4.5%
Family Zone Cyber Security	0.325	0.320	1.6%

Commodities	Close	Prior	% Δ
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Oil - West Texas Crude	81.90	85.28	-4.0%
Gold	1,761.2	1,774.7	-0.8%
Gold (Aus)	2,631.9	2,633.1	0.0%
Silver	20.95	21.49	-2.5%
Uranium (Spot)	50.25	50.13	0.2%
Tin (Futures)	23,499	23,570	-0.3%

Currency	Close	Prior	% Δ
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DXY Index	106.67	106.27	0.4%
AUD/USD	0.6692	0.6740	-0.7%
AUD/EUR	0.6455	0.6484	-0.4%
AUD/YEN	93.81	93.98	-0.2%
AUD/GBP	0.5642	0.5656	-0.2%
AUD/NZD	1.0916	1.0959	-0.4%
AUD/CAD	0.8917	0.8981	-0.7%

Other Markets	Close	Prior	% Δ
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VIX Index	23.93	24.19	-1.1%
2-Year Treasury Yield (%)	4.454	4.370	8 bp
10-Year Treasury Yield (%)	3.771	3.691	8 bp
US 2-10-Year Spread	-0.683	-0.679	0 bp