

18 October 2022

## US stocks ~3% higher overnight, futures +1%, RBA minutes on deck

- **Global markets.** It was a very strong night for US equities overnight – reversing the steep losses seen on Friday night – with all major indices closing up in a range of 1.9% (Dow) to 3.4% (Nasdaq). The driver of overnight gains was debatable (bank earnings, UK tax reversals, gamma squeeze), but nevertheless, stocks opened sharply higher and managed to hold onto their gains, all closing near the highs of the day. Over in Europe, stocks were similarly strong, with all markets up in a range of 1-2%.
- **Bank earnings.** Third quarter earnings are now in full swing, with results out overnight from major financial names **Bank of America** and **Bank of New York Mellon**. Both managed to beat expectations and rise 6% and 5% respectively. Over the balance of this week, earnings are also due from major names including **Netflix**, **Tesla** and **IBM**.
- **From a sector perspective**, all 11 sub-sectors of the S&P closed in the green, with the beaten-down **Tech** (3.1%) and **Real Estate** (+3.9%) sectors particularly strong. Elsewhere, **Consumer Discretionary** and **Communication Services** sectors also rose >3%.
- **In other markets**, the **DXY** fell sharply against a basket of currencies (partly due to **GBP** strength on yet another government tax-plan reversal). This **USD** weakness helped **commodities**, with **gold**, **silver**, **oil** and **uranium** all higher – noting **uranium ETFs** rallied ~5% on news that Germany would extend the life of three key reactors.
- **Yields lower.** In fixed income news, the 2-year and 10-year **Treasury** both edged lower overnight, by 6bps and 1bp respectively, resulting in a narrowing of the curve inversion to 44bps from 49bp prior.
- **Futures higher, RBA minutes on deck.** Given the strong lead from Wall Street, it appears local stocks will open sharply higher again this morning – with ASX futures ahead by 61 points, or ~0.9% at the time of writing. In economics, key news today will be the release of RBA minutes and economic sentiment readings out of Europe.

World Indices	Close	Prior	% Δ
---------------	-------	-------	-----

### Local Markets

All Ordinaries	6,854.3	6,948.6	-1.4%
ASX 200	6,664.4	6,758.8	-1.4%
ASX Emerging Companies	2,041.4	2,049.9	-0.4%

### US Markets

Dow Jones	30,185.8	29,634.8	1.9%
S&P500	3,678.0	3,583.1	2.6%
Nasdaq	10,675.8	10,321.4	3.4%
Russell 2000	1,735.8	1,682.4	3.2%

### Asian & European Markets

Shanghai Composite	3,084.9	3,072.0	0.4%
Nikkei	26,775.8	27,090.8	-1.2%
Hang Seng	16,612.9	16,587.7	0.2%
FTSE 100	6,920.2	6,858.8	0.9%
DAX 30	12,649.0	12,437.8	1.7%
CAC 40	6,040.7	5,931.9	1.8%

Economic Releases	Time	F'cast	Prior
-------------------	------	--------	-------

China's National Congress	All day		
NZ Inflation Rate	8:45	6.6%	7.3%
RBA Meeting Minutes	11:30		
Eurozone Econ. Sentiment	20:00		-60.7
German Econ. Sentiment	20:00	-65.7	-61.9

Key BW Names	Close	Prior	% Δ
--------------	-------	-------	-----

Frontier Energy	0.125	0.110	13.6%
Alderan Resources	0.010	0.009	11.1%
Forbidden Foods	0.080	0.075	6.7%
Family Zone Cyber Security	0.280	0.280	0.0%

Commodities	Close	Prior	% Δ
-------------	-------	-------	-----

Oil - West Texas Crude	85.46	85.61	-0.2%
Gold	1,650.8	1,644.2	0.4%
Gold (Aus)	2,622.7	2,647.6	-0.9%
Silver	18.66	18.28	2.1%
Uranium (Spot)	50.75	50.25	1.0%
Tin (Futures)	19,925	19,925	0.0%

Currency	Close	Prior	% Δ
----------	-------	-------	-----

DXY Index	112.08	113.30	-1.1%
AUD/USD	0.6294	0.6210	1.4%
AUD/GBP	0.5541	0.5526	0.3%
AUD/EUR	0.6395	0.6386	0.1%
AUD/YEN	93.79	92.25	1.7%
AUD/NZD	1.1166	1.1152	0.1%
AUD/CAD	0.8631	0.8618	0.2%

Other Markets	Close	Prior	% Δ
---------------	-------	-------	-----

VIX Index	31.37	32.02	-2.0%
2-Year Treasury Yield (%)	4.452	4.511	-6 bp
10-Year Treasury Yield (%)	4.016	4.024	-1 bp
US 2-10-Year Spread	-0.436	-0.487	5 bp