

2 November 2022

US stocks lower on strong JOLTS report, Fed rate decision tonight

- **Global markets.** It was a day of two halves for US equities, with the market edging higher out of the gate, before JOLTS data was released – causing markets to sell off into the close. For the day, the Russell 2000 was the only index to finish green (+0.2%), whilst the Dow, S&P and the Nasdaq lost -0.2%, -0.4% and -0.9% respectively. Elsewhere, both Asian and European indices were up, with the Hang Seng a notable performer, adding +5.2%.
- **JOLTS too strong.** The major economic news overnight was hotter than expects JOLTS data, with job openings increasing to 10.7m, with the number of hires slipping marginally to 6.1m and 4.1m quits.
- **In other markets.** It was a strong day for most commodities as **WTI Crude** gained +2.4%, **gold** +0.9%, **silver** +2.4% and **tin** +0.4% whilst **uranium** fell marginally. Elsewhere, it was a very quiet day in currency markets, as the USD remained ~flat against a basket of currencies. Finally, the **VIX** continued its downtrend, falling -0.3%.
- **Yields.** It was another busy day in the fixed income market, as the JOLTS data hawkishly influenced rate hike expectations, with markets now expecting a +75bps rate hike in December. The 2-year added +13bps whilst the 10-Year added +3bps, resulting in a further inversion of the 2-10-Year spread by -10bps, now sitting at -51bps.
- **Futures higher.** Despite the poor performance overnight performance from US equities, local futures are up +5bps or +0.1% as of writing.
- **Fed meets tonight.** There will be numerous key economic datapoints released over the coming 24 hours. Domestically, building permits and lending data are out this morning, while tonight all eyes will be on the Fed rate decision and accompanying press conference – where current expectations are for a 75bp hike, taking the Fed Funds rate to 4.0% - noting terminal rate expectations remain around ~5%.

World Indices	Close	Prior	% Δ
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Local Markets

All Ordinaries	7,169.6	7,054.8	1.6%
ASX 200	6,979.9	6,866.5	1.7%
ASX Emerging Companies	2,121.9	2,101.0	1.0%

US Markets

Dow Jones	32,653.2	32,733.0	-0.2%
S&P500	3,856.1	3,872.0	-0.4%
Nasdaq	10,890.9	10,988.2	-0.9%
Russell 2000	1,851.4	1,846.9	0.2%

Asian & European Markets

Shanghai Composite	2,969.2	2,893.5	2.6%
Nikkei	27,678.9	27,587.5	0.3%
Hang Seng	15,455.3	14,687.0	5.2%
FTSE 100	7,186.2	7,094.5	1.3%
DAX 30	13,338.7	13,253.7	0.6%
CAC 40	6,328.3	6,266.8	1.0%

Economic Releases	Time	F'cast	Prior
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AiG Manufacturing Index	8:30		50.2
Building Permits (MoM)	11:30	-7.0%	28.1%
Home Lending (MoM)	11:30	-2.7%	-2.7%
Investment Lending (MoM)	11:30		-4.8%
German Unemployment Rate	19:55	5.5%	5.5%
Fed Rate Decision	5:00	4.00%	3.25%
Fed Press Conference	5:30		

Key BW Names	Close	Prior	% Δ
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Syrah Resources	2.510	2.390	5.0%
Frontier Energy	0.470	0.455	3.3%
Dubber Corporation	0.320	0.310	3.2%
Lotus Resources	0.235	0.230	2.2%

Commodities	Close	Prior	% Δ
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Oil - West Texas Crude	88.57	86.53	2.4%
Gold	1,647.7	1,632.4	0.9%
Gold (Aus)	2,576.5	2,552.7	0.9%
Silver	19.62	19.16	2.4%
Uranium (Spot)	52.30	52.45	-0.3%
Tin (Futures)	17,695	17,631	0.4%

Currency	Close	Prior	% Δ
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DXY Index	111.52	111.53	0.0%
AUD/USD	0.6395	0.6395	0.0%
AUD/EUR	0.6472	0.6471	0.0%
AUD/YEN	94.82	94.83	0.0%
AUD/GBP	0.5567	0.5576	-0.2%
AUD/NZD	1.1095	1.1001	0.9%
AUD/CAD	0.8718	0.8711	0.1%

Other Markets	Close	Prior	% Δ
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VIX Index	25.81	25.88	-0.3%
2-Year Treasury Yield (%)	4.557	4.424	13 bp
10-Year Treasury Yield (%)	4.046	4.018	3 bp
US 2-10-Year Spread	-0.511	-0.406	-10 bp