

20 October 2022

US stocks off ~1%, Tesla misses (-2% A/Hs), Aus jobs data at 11:30am

- Global markets.** Following consecutive sessions of strength, last night was a return to weakness, with all major US and European indices lower, as soaring UK inflation (+10.1% YoY – ahead of estimates), poor US housing data and hawkish comments from once-uber dove Kashkari, all weighed on sentiment. For the day, the Russell 2000 led declines (-1.7%), while the Dow was the 'best' relative performer, only down 0.3% for the day.
- Tesla misses.** In earnings news, **Tesla** has missed estimates this morning, with revenues of \$21.5b well under \$22.0b expected, while quarterly profit of \$3.3b was also comfortably under \$3.9b expected. Shares in the company are trading off by 2% after-hours on the news.
- Yield hit new highs.** In fixed income news, yields hit fresh cycle highs last night, with the 2-year closing the session at 4.55% and the 10-year at 4.14% - up 11bps and 13bps respectively for the session. These moves came on the back of aforementioned hawkish comments from Neal Kashkari and James Bullard, in addition to signs that inflation remains sticky. Current estimates for the US terminal fed funds rate are ~5%, another 175bps above today's level.
- Yen hits ~150.** In currency news, the Japanese **Yen** continued to depreciate rapidly against the **USD**, with the closely-watched pair hitting 149.9 this morning – only marginally below a level of 150 – which many market participants believe the BOJ may step in and try and defend.
- Futures point lower.** Given the overnight weakness, it appears local stocks will open lower when trading commences this morning – with ASX futures lower by 47 points, or ~0.7% at the time of writing.
- Jobs data out at 11:30am.** In economic news, today will see local jobs figures out this morning – where a flat jobless rate of 3.5% is expected alongside 25k job additions. Elsewhere, 4 Fed members will speak tonight, being: Harker, Jefferson, Cook and Bowman.

World Indices	Close	Prior	% Δ
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Local Markets

All Ordinaries	6,999.8	6,976.2	0.3%
ASX 200	6,800.1	6,779.2	0.3%
ASX Emerging Companies	2,092.8	2,084.5	0.4%

US Markets

Dow Jones	30,423.8	30,523.8	-0.3%
S&P500	3,695.2	3,720.0	-0.7%
Nasdaq	10,680.5	10,772.4	-0.9%
Russell 2000	1,725.8	1,756.0	-1.7%

Asian & European Markets

Shanghai Composite	3,044.4	3,081.0	-1.2%
Nikkei	27,257.4	27,156.1	0.4%
Hang Seng	16,511.3	16,914.6	-2.4%
FTSE 100	6,925.0	6,936.7	-0.2%
DAX 30	12,741.4	12,765.6	-0.2%
CAC 40	6,040.7	6,067.0	-0.4%

Economic Releases	Time	F'cast	Prior
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China's National Congress	All day		
Employment Change	11:30	25k	34k
Unemployment Rate	11:30	3.5%	3.5%
US Initial Jobless Claims	23:30	230k	228k
US Continuing Jobless Claims	23:30	1.38m	1.37m
4 x Fed Speakers	Various		

Key BW Names	Close	Prior	% Δ
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Family Zone Cyber Security	0.285	0.270	5.6%
Frontier Energy	0.450	0.440	2.3%
Lotus Resources	0.235	0.230	2.2%
Elementos	0.305	0.305	0.0%

Commodities	Close	Prior	% Δ
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Oil - West Texas Crude	85.55	82.82	3.3%
Gold	1,628.1	1,651.4	-1.4%
Gold (Aus)	2,595.8	2,616.7	-0.8%
Silver	18.44	18.73	-1.5%
Uranium (Spot)	51.50	50.75	1.5%
Tin (Futures)	19,413	19,750	-1.7%

Currency	Close	Prior	% Δ
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DXY Index	112.90	112.01	0.8%
AUD/USD	0.6272	0.6311	-0.6%
AUD/EUR	0.6417	0.6400	0.3%
AUD/YEN	94.01	94.15	-0.1%
AUD/GBP	0.5590	0.5573	0.3%
AUD/NZD	1.1056	1.1097	-0.4%
AUD/CAD	0.8633	0.8671	-0.4%

Other Markets	Close	Prior	% Δ
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VIX Index	30.76	30.50	0.9%
2-Year Treasury Yield (%)	4.554	4.444	11 bp
10-Year Treasury Yield (%)	4.139	4.011	13 bp
US 2-10-Year Spread	-0.415	-0.433	2 bp