

21 November 2022

ASX futures 0.3% higher, yield curve inversion deepens (now -70bs)

- **Futures higher.** Following a mostly positive Friday night on Wall Street, it appears local stocks will begin the trading week slightly higher, with ASX futures currently ahead by 24 points, or ~0.3% at the time of writing. There will be no major economic news out today.
- **This week in economics.** Over the balance of the week, key events on the economic calendar include: FOMC and ECB minutes (both Thu), global PMIs and a speech from RBA Governor Lowe (Tue). There will also be plenty of Fed speak, an RBNZ rate decision, US durable goods, German consumer and business confidence readings and GDP.
- **Global markets on Friday night.** It was a stronger, yet still quiet, Friday night session on Global markets, with all major US indices higher in a range of ~flat (Nasdaq) to 0.6% (Dow and Russell). **Energy** was the day's big loser – down 0.9% - while most other sectors ended in the green, led by **Utilities** (+2%) and **Real Estate** (+1.3%). In Europe, stocks were a little stronger, with 1% gains from both the German DAX and French CAC.
- **Yield curve inversion deepens.** In fixed income, the already heavily-inverted yield curve fell another 2bps to >70bps – the most extreme reading since 1982. This came about as sell-offs along the curve were more-pronounced at the short-end, with the 2-year yield higher by 8bps for the day and 10-year by 'just' 6bps.
- **In other markets,** the sell-off in **oil** continued on Friday night, with **WTI crude** hitting a low of \$77/bbl intraday, before recovering to close at \$80/bbl – still down ~10% on the week. Elsewhere, **gold** fell 0.6% after recent strength and **tin** was likewise off a solid 3% after having been very strong recently. Finally, the **VIX Index** remains depressed at a level of just 23 – off an entire point on Friday – which is the volatility measures lowest reading since August.

World Indices	Close	Prior	% Δ
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Local Markets

All Ordinaries	7,354.7	7,339.0	0.2%
ASX 200	7,151.8	7,135.7	0.2%
ASX Emerging Companies	2,206.5	2,208.1	-0.1%

US Markets

Dow Jones	33,745.7	33,546.3	0.6%
S&P500	3,965.3	3,946.6	0.5%
Nasdaq	11,146.1	11,145.0	0.0%
Russell 2000	1,849.7	1,839.1	0.6%

Asian & European Markets

Shanghai Composite	3,097.2	3,115.4	-0.6%
Nikkei	27,899.8	27,930.6	-0.1%
Hang Seng	17,992.5	18,045.7	-0.3%
FTSE 100	7,385.5	7,346.5	0.5%
DAX 30	14,431.9	14,266.4	1.2%
CAC 40	6,644.5	6,576.1	1.0%

Economic Releases	Time	F'cast	Prior
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No major economic news today

Key BW Names	Close	Prior	% Δ
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Hydralyte	0.150	0.140	7.1%
BetMakers Tech. Group	0.290	0.285	1.8%
Alderan Resources	0.008	0.008	0.0%
Forbidden Foods	0.065	0.065	0.0%

Commodities	Close	Prior	% Δ
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Oil - West Texas Crude	80.08	81.90	-2.2%
Gold	1,751.0	1,761.2	-0.6%
Gold (Aus)	2,682.3	2,631.8	1.9%
Silver	20.94	20.95	0.0%
Uranium (Spot)	50.25	50.25	0.0%
Tin (Futures)	22,690	23,499	-3.4%

Currency	Close	Prior	% Δ
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DX Index	106.97	106.67	0.3%
AUD/USD	0.6680	0.6692	-0.2%
AUD/GBP	0.5617	0.5642	-0.4%
AUD/EUR	0.6458	0.6455	0.0%
AUD/YEN	93.75	93.81	-0.1%
AUD/NZD	1.0875	1.0916	-0.4%
AUD/CAD	0.8949	0.8917	0.4%

Other Markets	Close	Prior	% Δ
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VIX Index	23.12	23.92	-3.3%
2-Year Treasury Yield (%)	4.531	4.454	8 bp
10-Year Treasury Yield (%)	3.829	3.771	6 bp
US 2-10-Year Spread	-0.702	-0.683	-2 bp

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