

21 October 2022

## Stocks lower again, SNAP off 25% after-hours, yields at new highs

- **Global markets.** It was another poor session for stocks overnight, as rising yields continue to weigh on risk assets. For the day, all US indices were off by 0.3% (Dow) to 1.2% (Russell). Sectors were mixed, with **Energy** ending slightly higher while **Industrials, Discretionary** and **Utilities** were all off ~2% or more.
- **SNAP craters.** In after-hours earnings, **Snap** is lower by 27% as it once again misses estimates – with revenues coming in slightly under at \$1.13bn, which importantly represents just 6% YoY growth and below the 8% figure recently guided to in August. The company is also guiding to “revenue growth being approximately flat in 4Q”.
- **Yields at new highs (again).** In fixed income news, US Treasury yields continued to melt-up, with yields higher across the curve. For the session, the 10-year added 9bps to close at 4.23% (fresh closing high for the cycle), while the 2-year closed at 4.61% (also a fresh closing high). The 10-year has now risen from 2.6% as recently as August. The yield curve remains heavily inverted at 38bps, albeit flattening modestly from the low of 52bps registered last week.
- **In other markets,** the **USD** was flat against a basket of currencies – although notably, **USD/JPY** moved through 150 after flirting with the level all day. **Oil** was lower by 1%, **gold** was flat, **silver** added 1% and **spot uranium** rose by ~1%. Finally, the **VIX Index** lost 2% from elevated levels, despite the overall soft day for equities.
- **Futures lower.** Given the weak lead from Wall Street it appears local stocks will once again open lower this morning – with ASX futures off by 25 points, or ~0.4% at writing. In economics, the major news will be Japanese inflation figures at 10:30am – which will be closely watched given movements in their bond and currency markets – estimates are for a core reading of 3.0%, up from 2.8%.

World Indices	Close	Prior	% Δ
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### Local Markets

All Ordinaries	6,918.7	6,999.8	-1.2%
ASX 200	6,730.7	6,800.1	-1.0%
ASX Emerging Companies	2,062.6	2,092.8	-1.4%

### US Markets

Dow Jones	30,333.6	30,423.8	-0.3%
S&P500	3,665.8	3,695.2	-0.8%
Nasdaq	10,614.8	10,680.5	-0.6%
Russell 2000	1,704.4	1,725.8	-1.2%

### Asian & European Markets

Shanghai Composite	3,035.1	3,044.4	-0.3%
Nikkei	27,007.0	27,257.4	-0.9%
Hang Seng	16,280.2	16,511.3	-1.4%
FTSE 100	6,943.9	6,925.0	0.3%
DAX 30	12,767.4	12,741.4	0.2%
CAC 40	6,086.9	6,040.7	0.8%

Economic Releases	Time	F'cast	Prior
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China's National Congress	All day		
Japan Inflation	10:30		3.0%
Japan Core Inflation	10:30	3.0%	2.8%
Fed's Williams Speaks	0:10		

Key BW Names	Close	Prior	% Δ
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Hydralyte	0.155	0.145	6.9%
Elementos	0.325	0.305	6.6%
Forbidden Foods	0.080	0.078	2.6%
Frontier Energy	0.460	0.450	2.2%

Commodities	Close	Prior	% Δ
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Oil - West Texas Crude	84.51	85.55	-1.2%
Gold	1,628.1	1,628.1	0.0%
Gold (Aus)	2,591.3	2,595.8	-0.2%
Silver	18.66	18.44	1.2%
Uranium (Spot)	51.88	51.50	0.7%
Tin (Futures)	19,350	19,413	-0.3%

Currency	Close	Prior	% Δ
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DXY Index	112.83	112.90	-0.1%
AUD/USD	0.6283	0.6272	0.2%
AUD/EUR	0.6420	0.6417	0.0%
AUD/YEN	94.31	94.01	0.3%
AUD/GBP	0.5592	0.5590	0.0%
AUD/NZD	1.1058	1.1056	0.0%
AUD/CAD	0.8649	0.8633	0.2%

Other Markets	Close	Prior	% Δ
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VIX Index	29.98	30.76	-2.5%
2-Year Treasury Yield (%)	4.610	4.554	6 bp
10-Year Treasury Yield (%)	4.233	4.139	9 bp
US 2-10-Year Spread	-0.377	-0.415	4 bp

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