

24 November 2022

Stocks rally overnight on dovish FOMC, yields, oil and USD all lower

- **Global markets.** It was a positive night for global markets overnight, with all major indices finishing in the green. In the US, it was the tech-heavy Nasdaq that lead the charge, adding +1.0%, on dovishly perceived FOMC minutes, while the S&P, Dow Jones and Russell 2000 followed, adding +0.6%, +0.3% and +0.2% respectively. Elsewhere, Asian and European indices were all slightly up.
- **FOMC minutes.** FOMC minutes were released late in the US session and were received dovishly, as markets now price in a ~80% chance of a 50bp hike in December, as participants suggested slowing the pace of rate hikes may be beneficial in assessing the lagged effects of recent hikes.
- **S&P by sector.** Consumer Discretionary (+1.3%), Communication Services (+1.2%) and Utilities (+1.0%) were the biggest contributors to overnight gains, whilst Energy (-1.2%) was the only sector to lose ground overnight and a very weak oil price (off 4% for the day).
- **Yield curve widens.** Following the interpretations from the FOMC minutes, the 2-Year lost -4bps and the 10-Year lost -13bps, resulting in the yield curve inverting another 9bps, rendering a -77bps spread – its lowest level since September 1981.
- **In other markets,** it was a poor day for the major commodities, with oil soft as per above on news the EU was considering a price cap on Russian oil at US\$65-70/bbl. Precious metals were mixed, with gold slipping -0.2% and silver jumping +0.8%. In the currency market, the USD fell against a basket of currencies, as the DXY slipped -1.0% on the dovish FOMC minutes. The AUD/USD appreciated +1.3%. Lastly, the VIX lost -4.4%, closing at 20.35.
- **Futures higher.** Following the strong performance of the US market overnight, the ASX is set to rise marginally at the open, with ASX futures up +5 points of +0.1% as of writing.

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

Local Markets

All Ordinaries	7,422.4	7,376.4	0.6%
ASX 200	7,231.8	7,181.3	0.7%
ASX Emerging Companies	2,204.7	2,200.7	0.2%

US Markets

Dow Jones	34,194.1	34,098.1	0.3%
S&P500	4,027.3	4,003.6	0.6%
Nasdaq	11,285.3	11,174.4	1.0%
Russell 2000	1,863.5	1,860.4	0.2%

Asian & European Markets

Shanghai Composite	3,096.9	3,089.0	0.3%
Nikkei	28,115.7	27,944.8	0.6%
Hang Seng	17,523.8	17,424.4	0.6%
FTSE 100	7,465.2	7,452.8	0.2%
DAX 30	14,427.6	14,422.4	0.0%
CAC 40	6,679.1	6,657.5	0.3%

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

German Business Climate	20:00	85.0	84.3
ECB Meeting Minutes	23:30		

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

Frontier Energy	0.530	0.490	8.2%
Syrah Resources	2.450	2.350	4.3%
Elementos	0.290	0.285	1.8%
BetMakers Tech. Group	0.295	0.290	1.7%

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

Oil - West Texas Crude	77.44	80.95	-4.3%
Gold	1,738.1	1,741.2	-0.2%
Gold (Aus)	2,580.4	2,619.5	-1.5%
Silver	21.25	21.09	0.8%
Uranium (Spot)	49.88	49.88	0.0%
Tin (Futures)	22,050	22,194	-0.6%

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

DXY Index	106.11	107.22	-1.0%
AUD/USD	0.6736	0.6647	1.3%
AUD/EUR	0.6478	0.6451	0.4%
AUD/YEN	94.00	93.88	0.1%
AUD/GBP	0.5585	0.5594	-0.2%
AUD/NZD	1.0779	1.0803	-0.2%
AUD/CAD	0.8990	0.8887	1.2%

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

VIX Index	20.35	21.29	-4.4%
2-Year Treasury Yield (%)	4.468	4.509	-4 bp
10-Year Treasury Yield (%)	3.694	3.824	-13 bp
US 2-10-Year Spread	-0.774	-0.685	-9 bp