

26 October 2022

A/H's misses from MSFT/GOOGL take heat out of ~2% overnight gains

- **Global markets.** It was a positive session for US equities, as all the major indices gained >1%. It was the small cap Russell 2000 that led the charge, surging almost 3%, followed by the Nasdaq (2.3%), S&P500 (+1.6%) and the Dow (+1.1%). Elsewhere, Asian and European indices had a quieter session, with the CAC40 (+1.9%) the standout performer.
- **MSFT/GOOGL miss after-hours.** After closing, stocks have been dragged lower by poor reports from both **Alphabet** and **Microsoft**. In regards to **Alphabet**, the report missed expectations in EPS, revenues, margins and operating income. Whilst some of this can be attributed to FX, the share price is down -6.7% after hours. **Microsoft's** report did not look as bad on first glance, with revenues and EPS beating estimates, however, rising energy prices caused concerning rises in cloud margins, resulting in a -6.6% drop after hours.
- **In other markets, WTI Crude** gained +0.9% overnight despite reports of an unexpectedly large crude gain, **gold** added +0.2%, **silver** +0.6% and **tin** (-0.4%) fell again. The positive equity moves saw the **VIX** fall -4.7%, dropping to its lowest levels in ~1 month. In the currency market, the **USD** fell against a basket of currencies, rendering the **DX** to slip -1.0% to 110.89 – a 3 week low.
- **Yields see a significant flattening.** There were some strong bids in the treasury market overnight, particularly in the middle-long end of the curve. As a result, the 2-Year lost -3bps whilst the 10-Year lost a considerable -15bps and the 30-year -12bps. These moves resulted in a ~12bps steepening in the 2-10-Year spread.
- **Futures.** Following the positive performance of US markets, the ASX is set to rise at the open, with ASX futures up +56 points or +0.8% as of writing. Indeed, some important economics news is being announced today, notably the Australian inflation rate and US MoM New Homes Sales.

World Indices	Close	Prior	% Δ
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Local Markets

All Ordinaries	6,993.7	6,978.4	0.2%
ASX 200	6,798.6	6,779.4	0.3%
ASX Emerging Companies	2,092.5	2,099.3	-0.3%

US Markets

Dow Jones	31,836.7	31,499.6	1.1%
S&P500	3,859.1	3,797.3	1.6%
Nasdaq	11,199.1	10,952.6	2.3%
Russell 2000	1,796.2	1,748.4	2.7%

Asian & European Markets

Shanghai Composite	2,976.3	2,977.6	0.0%
Nikkei	27,250.3	26,974.9	1.0%
Hang Seng	15,165.6	15,180.7	-0.1%
FTSE 100	7,013.5	7,014.0	0.0%
DAX 30	13,053.0	12,931.5	0.9%
CAC 40	6,250.6	6,131.4	1.9%

Economic Releases	Time	F'cast	Prior
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Aus Inflation (YoY)	11:30	7.0%	6.1%
US New Home Sales (MoM)	1:00	-13.9%	28.8%

Key BW Names	Close	Prior	% Δ
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Family Zone Cyber Security	0.315	0.285	10.5%
Forbidden Foods	0.080	0.077	3.9%
Selfwealth	0.215	0.210	2.4%
Elementos	0.305	0.305	0.0%

Commodities	Close	Prior	% Δ
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Oil - West Texas Crude	85.32	84.58	0.9%
Gold	1,653.3	1,649.6	0.2%
Gold (Aus)	2,585.7	2,615.0	-1.1%
Silver	19.35	19.23	0.6%
Uranium (Spot)	52.75	52.68	0.1%
Tin (Futures)	18,353	18,430	-0.4%

Currency	Close	Prior	% Δ
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DX Index	110.89	111.99	-1.0%
AUD/USD	0.6394	0.6308	1.4%
AUD/EUR	0.6415	0.6389	0.4%
AUD/YEN	94.62	93.99	0.7%
AUD/GBP	0.5572	0.5592	-0.4%
AUD/NZD	1.1113	1.1086	0.2%
AUD/CAD	0.8701	0.8649	0.6%

Other Markets	Close	Prior	% Δ
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VIX Index	28.46	29.85	-4.7%
2-Year Treasury Yield (%)	4.462	4.492	-3 bp
10-Year Treasury Yield (%)	4.103	4.248	-15 bp
US 2-10-Year Spread	-0.359	-0.244	-12 bp