

1 December 2022

Markets rip overnight on Powell commentary, ASX futures +0.7%

- Global markets.** The last day of November ended emphatically, as US equities soared in reaction to numerous economic releases over the course of the day. Despite a slow start, US indices all finished the session up over 2%. The tech-heavy Nasdaq was the front runner, up +4.4%, followed by the S&P500 (+3.1%), Russell 2000 (+2.7%) and Dow Jones (+2.2%). Elsewhere, Asian and European indices were broadly up, but more tamely.
- In other markets.** WTI Crude pushed back above \$80/bbl after API reported that inventories fell by ~8 million barrels. Precious metals were up, with **silver** jumping +4.5% and **gold** up a more modest +1.1%. In the currency sector, the USD fell vs a basket of currencies as the **DX** slipped -0.8%, having its worst month since May 2009. Finally, the **VIX** fell -6.0% following the strong equity run but could not break below 20.
- Yields.** Following Powell's comments, the terminal rate expectations fell back below 5.00%, as the market now expects a +50bp hike in December. As a result, all treasuries were strongly bid, with the 2-year falling -13bps and the 10-Year falling -15bps. The 2-10-Year spread only fell -2bps, still sharply inverted at -74bps.
- JOLTS report.** US JOLTS data was also released overnight, which saw job openings drop. This sent the job openings per unemployed worker down to 1.71 from 1.86, whilst total hires also dipped to 6.012 million – the lowest since January 2021.
- Futures.** Following the strong performance of the US markets, the ASX is set to rise at the open, with ASX futures up +0.7% or +51 points as of writing.
- Upcoming economics.** Some important economic data points will also be announced today, namely the S&PG Manufacturing PMI locally, other global PMIs, the PCE Price Index tomorrow morning and numerous Fed speeches.

World Indices	Close	Prior	% Δ
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Local Markets

All Ordinaries	7,480.7	7,442.0	0.5%
ASX 200	7,284.2	7,253.3	0.4%
ASX Emerging Companies	2,170.0	2,147.0	1.1%

US Markets

Dow Jones	34,589.8	33,852.5	2.2%
S&P500	4,080.1	3,957.6	3.1%
Nasdaq	11,468.0	10,983.8	4.4%
Russell 2000	1,886.6	1,836.6	2.7%

Asian & European Markets

Shanghai Composite	3,151.3	3,149.8	0.1%
Nikkei	27,969.0	28,027.9	-0.2%
Hang Seng	18,597.2	18,204.7	2.2%
FTSE 100	7,573.1	7,512.0	0.8%
DAX 30	14,397.0	14,355.5	0.3%
CAC 40	6,738.6	6,669.0	1.0%

Economic Releases	Time	F'cast	Prior
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S&PG Manufacturing PMI	9:00		52.7
BoJ Kuroda Speech	17:00		
PCE Price Index	0:30		6.2%
Core PCE Price Index	0:30	5.0%	5.1%
Global PMIs	Various		
3 x Fed Speakers	Various		

Key BW Names	Close	Prior	% Δ
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Jervois Mining	0.385	0.340	13.2%
Lotus Resources	0.205	0.195	5.1%
Selfwealth	0.205	0.200	2.5%
Family Zone Cyber Security	0.305	0.300	1.7%

Commodities	Close	Prior	% Δ
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Oil - West Texas Crude	80.46	78.68	2.3%
Gold	1,768.3	1,749.2	1.1%
Gold (Aus)	2,580.4	2,615.8	-1.4%
Silver	22.20	21.25	4.5%
Uranium (Spot)	49.38	49.75	-0.8%
Tin (Futures)	22,921	22,788	0.6%

Currency	Close	Prior	% Δ
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DX Index	106.01	106.82	-0.8%
AUD/USD	0.6787	0.6687	1.5%
AUD/EUR	0.6522	0.6476	0.7%
AUD/YEN	93.71	92.76	1.0%
AUD/GBP	0.5628	0.5597	0.6%
AUD/NZD	1.0779	1.0786	-0.1%
AUD/CAD	0.9117	0.9083	0.4%

Other Markets	Close	Prior	% Δ
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VIX Index	20.58	21.89	-6.0%
2-Year Treasury Yield (%)	4.343	4.475	-13 bp
10-Year Treasury Yield (%)	3.606	3.753	-15 bp
US 2-10-Year Spread	-0.737	-0.722	-2 bp