

1 February 2023

Markets stage broad rally overnight ahead of tonight's Fed decision

- Global markets.** It was an emphatic end to the month of January overnight, with US stocks soaring ahead of tonight's Fed decision. All of yesterday's losses were erased as the Russell added +2.5%, followed by the Nasdaq (+1.7%), S&P500 (+1.5%) and Dow Jones (+1.1%). Interestingly, it was the Nasdaq's best January performance since 2001, added over 11%. Elsewhere, equities were not as strong, with Asian indices seeing red and European indices remaining broadly unchanged.
- In other markets.** It was a strong day for most commodities as **WTI Crude** jumped +1.6% despite an unexpectedly large inventory build. Precious metals also finished ahead with **gold** up +0.3% and **silver** +0.6%. **Uranium** and **copper** added +0.5% and +0.6% respectively. In the currency sector, the **USD** depreciated against a basket of currencies, as the **DX** fell -0.2%. Finally, the **VIX** fell a further ~3% overnight and finished the session at 19.4.
- Yields.** Treasuries finished the month significantly higher than where they began, with the 2yr losing -22bps for the month and the 10-Year losing -24bps. However, in the final session of the month, the 2-year remained unchanged and the 10-Year fell just 1bp, resulting in a -2bp change in the 2-10-Year spread.
- Futures.** Following the strong performance in the US overnight, local shares look set to rise, with ASX futures up +44 points or +0.6% as of writing.
- Big day of economics.** There will be numerous key economic events overnight, with most focus on the Fed's latest rate decision (6am tomorrow), with a 25bp hike anticipated. Powell's subsequent press conference will also be closely watched, as markets are expecting to see a hawkish message delivered by the Fed Chair, given recent loosening in financial conditions. Other economic releases today include Eurozone Core Inflation, US ISM manufacturing PMIs and the Judo Manufacturing PMIs.

World Indices	Close	Prior	% Δ
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Local Markets

All Ordinaries	7,686.1	7,700.4	-0.2%
ASX 200	7,476.7	7,481.7	-0.1%
ASX Emerging Companies	2,241.0	2,286.5	-2.0%

US Markets

Dow Jones	34,086.0	33,717.1	1.1%
S&P500	4,076.6	4,017.8	1.5%
Nasdaq	11,584.6	11,393.8	1.7%
Russell 2000	1,931.9	1,885.7	2.5%

Asian & European Markets

Shanghai Composite	3,255.7	3,269.3	-0.4%
Nikkei	27,327.1	27,433.4	-0.4%
Hang Seng	21,842.2	22,069.6	-1.0%
FTSE 100	7,771.7	7,784.9	-0.2%
DAX 30	15,128.3	15,126.1	0.0%
CAC 40	7,082.4	7,082.0	0.0%

S&P500 Sectors	Close	Prior	% Δ
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Materials	533.4	521.8	2.2%
Cons. Discretionary	1,156.2	1,131.1	2.2%
Real Estate	255.3	250.6	1.9%

Economic Releases	Time	F'cast	Prior
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AiG Manufacturing Index	8:30		44.7
Judo Manufacturing PMI	9:00		50.2
Global PMIs	Various		
Eurozone Core Inflation	21:00	5.1%	5.2%
US ISM Manufacturing PMI	2:00	48.0	48.4
Fed Rate Decision	6:00		
Powell Press Conference	6:30		

Key BW Names	Close	Prior	% Δ
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Family Zone Cyber Security	0.265	0.255	3.9%
Lotus Resources	0.250	0.250	0.0%
Selfwealth	0.190	0.190	0.0%

Commodities	Close	Prior	% Δ
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Oil - West Texas Crude	79.11	77.90	1.6%
Gold	1,928	1,922	0.3%
Gold (Aus)	2,733	2,722	0.4%
Silver	23.72	23.58	0.6%
Uranium (Spot)	50.88	50.63	0.5%
Tin (Futures)	29,550	29,809	-0.9%
Copper	4.22	4.20	0.6%

Other Markets	Close	Prior	% Δ
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DX Index	102.1	102.3	-0.2%
AUD/USD	0.7055	0.7060	-0.1%
2-Year Treasury Yield (%)	4.216	4.212	0 bp
10-Year Treasury Yield (%)	3.510	3.523	-1 bp
US 2-10-Year Spread	-0.706	-0.689	-2 bp
VIX Index	19.39	19.94	-2.8%