

10 January 2023

Markets end mostly lower overnight ahead of Powell speech tonight

- **Global markets.** It was a volatile overnight session for stocks, with US markets initially trading sharply higher, before a midday sell-off saw major indices end the day flat-to-down. At one stage, the S&P 500 was higher by 1.4% yet ultimately finished down 0.1%, while the Dow was similarly ahead >1% and closed down 0.3%. Over in Europe (where markets were closed before much of selling began) all indices finished the day in the green.
- **Fed speakers stay hawkish.** The major economic events overnight were speeches from the FOMC's Mary Daly and Raphael Bostic, with Daly noting the Fed's goal of reaching 2% inflation "won't be complete this year", while Bostic continued with the same narrative, noting rates will be held high for "a long time" as he is "not a pivot guy". The Bostic comments co-incided with the intraday market top.
- **From a sector perspective,** it was **tech** (+1.1%) out in front as yields collapsed all along the curve (despite the aforementioned hawkish rhetoric) – the 2 and 10-year **Treasury** yield were both off ~20bps or more. At the other end of the market, defensive sectors got hit with **staples** (-1.0) and **healthcare** (-1.7%) the worst two performers on the day.
- **In other markets,** it was another poor night for the **USD**, which fell by 0.7% against a basket of major currencies. This in-turn made sure it was another good night for **commodities**, with **oil, gold, tin, copper** and **uranium** all higher for the day. Finally, the **VIX Index** rose 4% on account of the day's equity market volatility, and ahead of a speech from Fed Chair Powell tonight.
- **Futures lower.** Given the lead from Wall Street, it appears local stocks will open modestly lower when trading commences – with ASX futures down by 10 points, or ~0.1% at the time of writing. In economics today's major events will be include CB speak from Powell and Kuroda.

World Indices	Close	Prior	% Δ
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Local Markets

All Ordinaries	7,355.8	7,308.8	0.6%
ASX 200	7,151.3	7,109.6	0.6%
ASX Emerging Companies	2,202.0	2,165.9	1.7%

US Markets

Dow Jones	33,517.7	33,630.6	-0.3%
S&P500	3,892.1	3,895.1	-0.1%
Nasdaq	10,635.7	10,569.3	0.6%
Russell 2000	1,795.9	1,792.8	0.2%

Asian & European Markets

Shanghai Composite	3,176.1	3,157.6	0.6%
Nikkei	25,973.9	25,973.9	0.0%
Hang Seng	21,388.3	20,991.6	1.9%
FTSE 100	7,724.9	7,699.5	0.3%
DAX 30	14,792.8	14,610.0	1.3%
CAC 40	6,907.4	6,861.0	0.7%

S&P500 Sectors	Close	Prior	% Δ
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Information Technology	2,200.6	2,176.9	1.1%
Consumer Staples	784.6	792.7	-1.0%
Healthcare	1,556.2	1,582.5	-1.7%

Economic Releases	Time	F'cast	Prior
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BoJ Kuroda Speech	21:10		
Fed Chair Powell Speech	1:00		

Key BW Names	Close	Prior	% Δ
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Elementos	0.335	0.300	11.7%
Lotus Resources	0.220	0.200	10.0%
Family Zone Cyber Security	0.275	0.265	3.8%

Commodities	Close	Prior	% Δ
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Oil - West Texas Crude	74.91	73.77	1.5%
Gold	1,872	1,869	0.1%
Gold (Aus)	2,708	2,717	-0.4%
Silver	23.63	23.83	-0.8%
Uranium (Spot)	49.88	49.00	1.8%
Tin (Futures)	25,815	25,350	1.8%
Copper	4.01	3.92	2.2%

Other Markets	Close	Prior	% Δ
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DXY Index	103.2	103.9	-0.7%
AUD/USD	0.6913	0.6880	0.5%
2-Year Treasury Yield (%)	4.216	4.453	-24 bp
10-Year Treasury Yield (%)	3.537	3.721	-18 bp
US 2-10-Year Spread	-0.679	-0.732	5 bp
VIX Index	21.97	21.13	4.0%