

14 December 2022

## Markets rally, then fade, on softer-than-expected CPI data overnight

- **Global markets.** It was an extremely volatile night for US stocks, as a softer-than-expected inflation print saw stocks initially rip as much as ~3%, before sellers came in, pushing the major indices to only modest gains of ~0.3%-1.0% - led by the Nasdaq. Over in Europe, it was a stronger session with the CAC and DAX up 1.4% and 1.3% respectively.
- **CPI summary.** The major news overnight was of course US CPI data, with all measures coming in well under expectations – **YoY headline inflation** of 7.1% was down vs 7.7% last month, and well below forecasts for 7.3%, while the **core print** of 6.0% was similarly down on 6.3% last month and 6.1% est. However, the key surprise was in the MoM figures – with core at 0.2% and headline at 0.1% - which sees a **3M-annualised core** reading collapse to just 4.2%, while **core-ex shelter** has been negative for two months in a row.
- **Fed on deck.** Following up the overnight inflation print, tonight will see the Fed pass down its latest rate decision for Dec, with accompanying quarterly economic projections. This will be released at 6am local time tomorrow morning, with Chair Powell to give his usual press conference at 6:30am.
- **Other markets overnight.** The **USD** unsurprisingly fell sharply on the abovementioned CPI print, off 0.9% for the day against a basket of currencies and by 1.6% against a stronger **AUD**. This weakness was broadly supportive for **commodities**, with **oil, gold, silver, tin, copper** and **cobalt** all strong. **Treasury** yields were down very sharply along the curve – by 16bps on the 2-year and 10-bps on the 10-year. And the **VIX Index** lost 10% to close at a level below 23.
- **Futures +0.2%.** Given the strong lead from Wall Street, it appears local stocks will open modestly up when trading commences this morning – with ASX futures ahead by 16 points, or ~0.2% at the time of writing.

World Indices	Close	Prior	% Δ
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### Local Markets

All Ordinaries	7,389.2	7,370.6	0.3%
ASX 200	7,203.3	7,180.8	0.3%
ASX Emerging Companies	2,112.9	2,122.2	-0.4%

### US Markets

Dow Jones	34,108.6	34,005.0	0.3%
S&P500	4,019.7	3,990.6	0.7%
Nasdaq	11,256.8	11,143.7	1.0%
Russell 2000	1,831.7	1,818.6	0.7%

### Asian & European Markets

Shanghai Composite	3,176.3	3,179.0	-0.1%
Nikkei	27,954.9	27,842.3	0.4%
Hang Seng	19,596.2	19,463.6	0.7%
FTSE 100	7,502.9	7,446.0	0.8%
DAX 30	14,497.9	14,306.6	1.3%
CAC 40	6,745.0	6,650.6	1.4%

S&P500 Sectors	Close	Prior	% Δ
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Real Estate	246.6	241.7	2.0%
Energy	656.5	645.1	1.8%
Materials	519.2	512.3	1.3%

Economic Releases	Time	F'cast	Prior
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RBA Governor Lowe Speaks	9:30		
UK Core Inflation	18:00	6.5%	6.5%
Fed Rate Decision	6:00	4.5%	4.0%
FOMC Economic Projections	6:00		
Powell Press Conference	6:30		

Key BW Names	Close	Prior	% Δ
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Family Zone Cyber Security	0.290	0.285	1.8%
Jervois Mining	0.315	0.310	1.6%
Lotus Resources	0.200	0.200	0.0%

Commodities	Close	Prior	% Δ
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Oil - West Texas Crude	75.37	73.45	2.6%
Gold	1,811	1,781	1.7%
Gold (Aus)	2,580	2,639	-2.2%
Silver	23.71	23.29	1.8%
Uranium (Spot)	47.88	48.13	-0.5%
Tin (Futures)	24,585	24,275	1.3%
Copper	3.84	3.80	1.2%
Nickel	12.57	13.11	-4.2%
Cobalt	51,755	51,705	0.1%

Other Markets	Close	Prior	% Δ
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DXY Index	104.0	105.0	-0.9%
AUD/USD	0.6855	0.6750	1.6%
2-Year Treasury Yield (%)	4.227	4.386	-16 bp
10-Year Treasury Yield (%)	3.515	3.611	-10 bp
US 2-10-Year Spread	-0.712	-0.775	6 bp
VIX Index	22.66	25.00	-9.4%

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