

15 February 2023

US stocks end ~flat as CPI lands broadly in-line, Lowe speaks today

- **Inflation release.** All eyes were pinned to the US inflation data that was released overnight, and the figures came in broadly in line with expectations. Headline CPI increased +0.5% for the month (up from +0.1% last month). Core CPI came in at +0.4% (up from +0.3%). On an annual basis, CPI rose +6.4%, slightly down from +6.5% in December. **Energy** and **housing** were the largest drivers of CPI, accounting for ~3/4 of the +0.5% increase.

- **Global markets.** Following the release of US inflation data, US indices reacted relatively tamely. The Nasdaq jumped +0.6%, the S&P500 and Russell 2000 remained ~unchanged while the Dow Jones lagged, slipping -0.5%. Elsewhere, European indices remained broadly unchanged while Asian indices were slightly up.

- **In other markets,** commodities were broadly down for the day. **WTI Crude** fell back below \$80/bbl while **gold** and **silver** lost -0.2% and -0.5% respectively. **Uranium** added +1.0%, **copper** +0.7% while **tin** slipped -2.9%. In the currency market, the USD slightly depreciated against a basket of currencies, as the **DX** fell -0.1% on the day. The AUD appreciated +0.3% against the USD. Finally, the **VIX** slipped -7.0% on the day, falling back below 20.

- **Yields.** It was a busy day for the fixed income markets, as Fed speakers indicated that rates may stay "higher for longer" (Fed Barkin). As a result, the 2-Year jumped +10bps and the 10-Year added +5bps, resulting in a -5bp change in the 2-10-Year spread, which sits at ~-87bps – its most inverted since October 1981.

- **Futures.** Following the tame performance of US indices overnight, the ASX is set to rise at the open, with ASX futures up +16 points or +0.2% as of writing. Over the course of the day some key economic events will occur, such as a presentation from the RBA Governor, Phillip Lowe, UK inflation data and US retail sales figures, and a speech from the ECB President.

World Indices	Close	Prior	% Δ
<u>Local Markets</u>			
All Ordinaries	7,628.6	7,614.5	0.2%
ASX 200	7,430.9	7,417.8	0.2%
ASX Emerging Companies	2,209.7	2,222.6	-0.6%

<u>US Markets</u>			
Dow Jones	34,089.3	34,245.9	-0.5%
S&P500	4,136.1	4,137.3	0.0%
Nasdaq	11,960.2	11,891.8	0.6%
Russell 2000	1,939.9	1,941.1	-0.1%

<u>Asian & European Markets</u>			
Shanghai Composite	3,293.3	3,284.2	0.3%
Nikkei	27,602.8	27,427.3	0.6%
Hang Seng	21,113.8	21,164.4	-0.2%
FTSE 100	7,953.9	7,947.6	0.1%
DAX 30	15,380.6	15,397.3	-0.1%
CAC 40	7,213.8	7,208.6	0.1%

S&P500 Sectors	Close	Prior	% Δ
Consumer Discretionary	1,181.1	1,167.4	1.2%
Consumer Staples	764.5	771.7	-0.9%
Real Estate	251.8	254.4	-1.0%

Economic Releases	Time	F'cast	Prior
RBA Governor Lowe Speaks	11:15		
UK Core Inflation	18:00	6.2%	6.3%
US Retail Sales	0:30	1.8%	-1.1%
ECB President Lagarde Speaks	1:00		

Key BW Names	Close	Prior	% Δ
Frontier Energy	0.430	0.400	7.5%
Elementos	0.320	0.303	5.8%
Lotus Resources	0.230	0.230	0.0%

Commodities	Close	Prior	% Δ
Oil - West Texas Crude	79.10	80.14	-1.3%
Gold	1,855	1,858	-0.2%
Gold (Aus)	2,654	2,666	-0.4%
Silver	21.86	21.97	-0.5%
Uranium (Spot)	51.00	50.50	1.0%
Tin (Futures)	26,675	27,465	-2.9%
Copper	4.09	4.06	0.7%

Other Markets	Close	Prior	% Δ
DX Index	103.3	103.3	-0.1%
AUD/USD	0.6988	0.6970	0.3%
2-Year Treasury Yield (%)	4.618	4.522	10 bp
10-Year Treasury Yield (%)	3.751	3.703	5 bp
US 2-10-Year Spread	-0.867	-0.819	-5 bp
VIX Index	18.91	20.34	-7.0%