

17 February 2023

Markets sharply lower as Bullard opens the door to 50bp March hike

- **Fed hawks weigh on the market.** It was a volatile overnight trading session as stocks opened sharply lower (on hawkish comments from Loretta Mester), before rallying to get back to ~unchanged later in the session, then fell >1% into the close (closing at the lows) as the Fed's James Bullard potentially opened the door to a 50bp hike in March – stating he wouldn't rule it out.
- **Global markets.** For the day all major US indices were lower – the Nasdaq led, down 1.8%, while the S&P 500 lost 1.4% and Dow 1.3%. Over in Europe (where markets closed well before Bullard spoke) it was a better day with everything closing green.
- **Yields/USD higher.** Given the above commentary it was unsurprising to see both the **USD** and **yields** moving higher again – with the former up 0.2% for the day and the latter higher along the curve. The 2-year rose 2bps, while the 10-year rose a sharper 7bps to end at 3.86%, now nearly 50bp higher than earlier this month. The curve is still heavily inverted at -78bps, although has steepened somewhat from ~90bps earlier in the week.
- **In other markets,** most **commodities** managed to shrug off the strong **USD** and move higher, with **tin**, **copper** and **uranium** each rising by >1%. **Oil**, **gold** and **silver** were slightly lower. Elsewhere, the **VIX Index** spiked 10% on account of the late-day selling in equities.
- **Futures lower.** Given the weak US lead, it appears local stocks will open lower when trading begins this morning – with ASX futures currently off by 18 points, or ~0.3% at the time of writing.
- **Lowe speaks again.** Today's major local news will be Philip Lowe's fronting the Senate for a second time this week to answer questions. While over the balance of the day three separate Fed speakers will also provide commentary.

World Indices	Close	Prior	% Δ
<u>Local Markets</u>			
All Ordinaries	7,620.7	7,559.1	0.8%
ASX 200	7,410.3	7,352.2	0.8%
ASX Emerging Companies	2,200.0	2,192.7	0.3%

<u>US Markets</u>			
Dow Jones	33,696.9	34,128.1	-1.3%
S&P500	4,090.4	4,147.6	-1.4%
Nasdaq	11,855.8	12,070.6	-1.8%
Russell 2000	1,942.2	1,958.8	-0.8%

<u>Asian & European Markets</u>			
Shanghai Composite	3,249.0	3,280.5	-1.0%
Nikkei	27,696.4	27,501.9	0.7%
Hang Seng	20,987.7	20,812.2	0.8%
FTSE 100	8,012.5	7,997.8	0.2%
DAX 30	15,533.6	15,506.3	0.2%
CAC 40	7,366.2	7,300.9	0.9%

S&P500 Sectors	Close	Prior	% Δ
Communication Services	181.1	184.0	-1.5%
Information Technology	2,467.9	2,512.0	-1.8%
Energy	1,169.0	1,194.8	-2.2%

Economic Releases	Time	F'cast	Prior
RBA Governor Lowe Speaks	9:30		
3 x Fed Speakers	Various		

Key BW Names	Close	Prior	% Δ
Family Zone Cyber Security	0.220	0.200	10.0%
Forbidden Foods	0.022	0.021	4.8%
Selfwealth	0.180	0.180	0.0%

Commodities	Close	Prior	% Δ
Oil - West Texas Crude	78.04	78.59	-0.7%
Gold	1,837	1,838	-0.1%
Gold (Aus)	2,670	2,661	0.3%
Silver	21.58	21.66	-0.4%
Uranium (Spot)	51.50	51.00	1.0%
Tin (Futures)	26,975	26,550	1.6%
Copper	4.12	4.03	2.4%

Other Markets	Close	Prior	% Δ
DXY Index	104.0	103.8	0.2%
AUD/USD	0.6879	0.6907	-0.4%
2-Year Treasury Yield (%)	4.644	4.620	2 bp
10-Year Treasury Yield (%)	3.863	3.797	7 bp
US 2-10-Year Spread	-0.781	-0.823	4 bp
VIX Index	20.17	18.25	10.5%