

2 February 2023

Tech (+2%) leads overnight rally as Powell get dovish, URM +3%

- **Global markets.** It was a big risk-on rally night for stocks as the Fed delivered a widely-anticipated 25bps of hikes, while Chair Powell did little to fight back against current market buoyancy during his press conference. US stocks had traded essentially flat heading into the Fed decision and then leapt by between 1-2% (the Nasdaq led the charge). **Meta** also reported after-hours and is up ~20% in the post-market, which only adds to tech's strong day..
- **Key Powell commentary.** Despite delivering his standard hawkish introductory comments, markets appeared to begin moving after Powell noted "we can now say for the first time that the disinflationary process has started", subsequently going into more detail around his (and the Fed's) expectations that the 'housing' component of core PCE would likely also come down in the second half (noting this is really the last shoe to drop, with other components of PCE already well off their highs).
- **From a sector perspective,** the overnight moves were driven mainly by the longer-duration parts of the market – **Information Technology** (+2.3%) and **Consumer Discretionary** (+1.9%) led the key sub-sectors. At the other end of the spectrum, only **Energy** (-1.9%) traded lower, as the price of **oil** fell ~3% for the day.
- **Uranium, commodities strong.** In other markets, it was a very strong night for **uranium** equities, with key ETFs closing higher by >3%, while **SPUT** also added another 1% and continues to trade above its NAV. Elsewhere, **gold** and **silver** added >1%, **volatility** absolutely collapsed, with the **VIX** Index off 8% and below 18 for the first time since late-2021.
- **Futures +0.3%, ECB/BoE on deck.** Despite the strong lead from Wall Street, local futures are only ahead by 0.3% at the time of writing. In economic news, today's major releases will be rate decisions from both the BoE and ECB.

World Indices	Close	Prior	% Δ
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Local Markets

All Ordinaries	7,709.7	7,686.1	0.3%
ASX 200	7,501.7	7,476.7	0.3%
ASX Emerging Companies	2,246.9	2,241.0	0.3%

US Markets

Dow Jones	34,093.0	34,086.0	0.0%
S&P500	4,119.2	4,076.6	1.0%
Nasdaq	11,816.3	11,584.6	2.0%
Russell 2000	1,960.8	1,931.9	1.5%

Asian & European Markets

Shanghai Composite	3,284.9	3,255.7	0.9%
Nikkei	27,346.9	27,327.1	0.1%
Hang Seng	22,072.2	21,842.2	1.1%
FTSE 100	7,761.1	7,771.7	-0.1%
DAX 30	15,180.7	15,128.3	0.3%
CAC 40	7,077.1	7,082.4	-0.1%

S&P500 Sectors	Close	Prior	% Δ
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Information Technology	2,427.7	2,373.3	2.3%
Cons. Discretionary	1,178.1	1,156.2	1.9%
Energy	677.5	690.6	-1.9%

Economic Releases	Time	F'cast	Prior
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Building Permits	11:30	1.0%	-9.0%
BoE Rate Decision	23:00	4.0%	3.5%
ECB Rate Decision	0:15	3.0%	2.5%
ECB Press Conference	0:45		

Key BW Names	Close	Prior	% Δ
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Alderan Resources	0.009	0.008	12.5%
Jervois Mining	0.265	0.245	8.2%
Frontier Energy	0.445	0.420	6.0%

Commodities	Close	Prior	% Δ
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Oil - West Texas Crude	76.76	79.11	-3.0%
Gold	1,951	1,928	1.2%
Gold (Aus)	2,799	2,733	2.4%
Silver	23.98	23.72	1.1%
Uranium (Spot)	50.88	50.88	0.0%
Tin (Futures)	28,955	29,550	-2.0%
Copper	4.18	4.22	-1.0%

Other Markets	Close	Prior	% Δ
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DXY Index	101.2	102.1	-0.9%
AUD/USD	0.6969	0.7055	-1.2%
2-Year Treasury Yield (%)	4.121	4.216	-9 bp
10-Year Treasury Yield (%)	3.418	3.510	-9 bp
US 2-10-Year Spread	-0.703	-0.706	0 bp
VIX Index	17.87	19.39	-7.8%