

20 December 2022

Markets lower again overnight, yields up along the curve, futures -0.4%

- **Global markets.** It was yet another poor overnight session in US markets, with all indices opening in the red and trending broadly lower as the session progressed – closing just off the lows off the day, following a last hour mini-rally. For the session, the Nasdaq (-1.5%) was weakest of the group as yields rose right along the curve, while the Dow (-0.5%) declined the least. In Europe, all indices were up by ~0.3-0.4% following several days of weakness at back end of last week.
- **From a sector perspective,** 10 of the 11 S&P sub-sectors closed in the red, with only **Energy** (+0.1%) managing to eek out a small gain on some oil price strength. **Communication Services** (-2.2%) and **Information Technology** (-1.4%) were the day's laggards.
- **Yields higher.** With last night being relatively quiet in terms of economic news, equities appeared to take their cues from the bond market, with yields marching higher right along the curve – particularly at the long-end. For the day, 2/10/30yr yields were higher by 8bp, 11bp, 10bp respectively, while the much-watched 2-10-year curve steepened 3bp to -67bps (still being heavily inverted, but well off the recent trough of ~85bps).
- **In other markets,** the **USD** was essentially flat vs other major currencies (as was the **AUD**). It was a mixed day for **commodities**, with **oil** adding 2% and virtually everything else lower, including **silver**, **nickel**, **tin** and **gold**. Elsewhere, the **VIX Index** fell 1% despite the day's equity market weakness and remains relatively subdued at a level of just ~22.
- **Futures and today's economics.** Given the poor lead from Wall Street, it appears local stocks will open lower when trading commences this morning – with futures currently off by 27 points, or ~0.4%. In economic news, today's major events will be the RBA's meeting minutes release at 11:30am and US building permits early tomorrow morning.

World Indices	Close	Prior	% Δ
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<u>Local Markets</u>			
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All Ordinaries	7,321.0	7,336.5	-0.2%
ASX 200	7,133.9	7,148.7	-0.2%
ASX Emerging Companies	2,106.5	2,105.1	0.1%

<u>US Markets</u>			
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Dow Jones	32,757.5	32,920.5	-0.5%
S&P500	3,817.7	3,852.4	-0.9%
Nasdaq	10,546.0	10,705.4	-1.5%
Russell 2000	1,738.6	1,763.4	-1.4%

<u>Asian & European Markets</u>			
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Shanghai Composite	3,107.1	3,167.9	-1.9%
Nikkei	27,237.6	27,527.1	-1.1%
Hang Seng	19,352.8	19,450.7	-0.5%
FTSE 100	7,361.3	7,332.1	0.4%
DAX 30	13,942.9	13,893.1	0.4%
CAC 40	6,473.3	6,452.6	0.3%

S&P500 Sectors	Close	Prior	% Δ
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Energy	641.2	640.3	0.1%
Info. Technology	2,189.5	2,220.9	-1.4%
Communication Services	156.6	160.1	-2.2%

Economic Releases	Time	F'cast	Prior
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RBA Meeting Minutes	11:30		
US Building Permits	0:30	1.49m	1.51m

Key BW Names	Close	Prior	% Δ
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Frontier Energy	0.450	0.430	4.7%
Lotus Resources	0.185	0.180	2.8%
Family Zone Cyber Security	0.280	0.280	0.0%

Commodities	Close	Prior	% Δ
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Oil - West Texas Crude	75.63	74.29	1.8%
Gold	1,787	1,795	-0.4%
Gold (Aus)	2,669	2,677	-0.3%
Silver	22.97	23.22	-1.1%
Uranium (Spot)	47.75	47.75	0.0%
Tin (Futures)	23,420	23,650	-1.0%
Copper	3.76	3.76	0.0%
Nickel	12.26	12.97	-5.5%
Cobalt	51,755	51,755	0.0%

Other Markets	Close	Prior	% Δ
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DXY Index	104.7	104.8	-0.1%
AUD/USD	0.6698	0.6706	-0.1%
2-Year Treasury Yield (%)	4.262	4.180	8 bp
10-Year Treasury Yield (%)	3.590	3.482	11 bp
US 2-10-Year Spread	-0.672	-0.698	3 bp
VIX Index	22.42	22.62	-0.9%